

# Original Application

Baptist Memorial Hospital

CN1705-018

May 11, 2017

Melanie Hill, Executive Director  
Health Services and Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

RE: Certificate of Need Application  
Baptist Memorial Hospital

Dear Ms. Hill:

Enclosed are three copies of the Certificate of Need application for the satellite emergency department near the intersection of I-40 and Airline Road in Arlington, TN. Check Number 1951818 for \$57,267 is enclosed for the review fee.

Thank you for your attention.

Sincerely,



Arthur Maples  
Dir. Regulatory Planning & Policy

Enclosure



**CERTIFICATE OF NEED  
APPLICATION**

**SATELLITE EMERGENCY DEPARTMENT  
near the intersection of  
I-40 AND AIRLINE ROAD in  
ARLINGTON**

**BAPTIST MEMORIAL HOSPITAL  
MAY 2017**



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243  
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

## CERTIFICATE OF NEED APPLICATION

### SECTION A: APPLICANT PROFILE

#### 1. Name of Facility, Agency, or Institution

Baptist Memorial Hospital

Name

Intersection of I-40 and Airline Road

Street or Route

Shelby

County

Arlington

City

TN

State

38002

Zip Code

Website address: <http://www.baptistonline.org/>

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

#### 2. Contact Person Available for Responses to Questions

Arthur Maples

Name

Dir Regulatory Planning & Policy

Title

Baptist Memorial Health Care Corporation

Company Name

Arthur.Maples@bmhcc.org

Email address

350 N Humphreys Blvd

Street or Route

Memphis

City

TN

State

38120

Zip Code

Employee

Association with Owner

901-227-4137

Phone Number

901-227-5004

Fax Number

**NOTE:** **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

### 3. SECTION A: EXECUTIVE SUMMARY

#### A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

##### Response:

This CON application is for a Freestanding Emergency Department (FSED). It will be structured according to the Tennessee and CMS provider-based regulations and will operate as an outpatient department of Baptist Memorial Hospital (BMH) with the same licensure classification as the main ED on the BMH-Memphis campus. Patients will have access to a full service Emergency Department. If appropriate care is not available at the site, a patient will be stabilized and transported to the closest, most appropriate facility.

The FSED will be located in a single level of approximately 13,750 gross sq. ft. facility. It will open with 8 treatment rooms, laboratory, and provide CT, X-ray and ultrasound imaging.

This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required. This project is unrelated to any outstanding certificates of need held by the applicant.

The project location may be familiar to HSDA members who participated in the April 26, 2017 meeting when the basic project was presented in a simultaneous review. Baptist is resubmitting the application to clarify aspects that may have been inadequately explained due to limitations and circumstances regarding application requirements at that time. The FSED Criteria had not been finalized prior to the submission of the applications and therefore was not required to be used for review. As expressed at the hearing, the local community continues to support development of health services by Baptist. Baptist's involvement began in 2006 when the land where the FSED will be located was acquired as part of the approximate 85 acre tract. Baptist also has an urgent need for additional capacity to support the ED at the main facility for current patients and to accommodate patients who are covered by insurance companies with which the Baptist System has a network relationship. Although Baptist accepts all patients who present for ED services, the proposed facility will be a convenient option for current Baptist patients who live in the Arlington area, or who live closer to the area than the Baptist facilities they currently use. Baptist will work with the community to provide information about the availability of ED services and the differences between the FSED and Urgent Care and other settings. The FSED is the next step in meeting the community's growth needs and the needs of Baptist patients to obtain care closer to home.

##### 2) Ownership structure;

##### Response:

The satellite Emergency Department will be licensed as part of Baptist Memorial Hospital (BMH). The sole member of BMH is Baptist Memorial

Health Care Corporation. Somewhat unique, is that the project will be developed and operationalized through a joint operating agreement between BMH and Regional One Health (ROH). ROH expertise involves providing trauma services for the region and it also houses the area's burn center. This relationship has been previously discussed with the HSDA and Division of Health Care Facilities in connection with previous applications. A letter is provided in the attachments describing a determination by the Department of Health, Office of General Counsel confirming that the arrangement is consistent with licensing regulations.

### 3) Service area;

#### Response:

The counties with zip codes in the service area are Shelby, Fayette, Haywood, and Tipton. The zip code areas that have been identified to more clearly define the service area are shown in the following chart. The point zips that the postal service has identified within each enclosing zip are also shown.

Point Zip or unique zip is a zip code assigned to an area that may have a post office or sometimes may be a large facility or business. For example, 38014 is the zip code for Brunswick, TN. It is a point zip and included in the enclosing zip 38002 for Arlington, TN.

Enclosing zip codes, also referred to as boundary zip codes, are assigned to a geographic area. The enclosing zip can contain several point zips.

Other information about point zips is available at:

<https://www.mapbusinessonline.com/blog/2014/12/03/whats-the-point-of-a-zip-code-point/>

The following chart shows enclosing zips and the point zips which are in the enclosing zips.

County	City	Enclosing Zip Codes	Point Zip Codes
Shelby	Arlington	38002	38014
Haywood	Brownsville	38012	
Shelby	Cordova	38016	
Shelby	Cordova	38018	38088
Shelby	Eads	38028	
Tipton	Mason	38049	
Shelby	Millington	38053	38054, 38055, 38083
Fayette	Oakland	38060	38048
Fayette	Somerville	38068	38010, 38036, 38045
Haywood	Stanton	38069	
Fayette	Williston	38076	
Shelby	Bartlett	38133	
Shelby	Bartlett	38135	

### 4) Existing similar service providers;

#### Response:

An FSED is not located in the service area.

Below is a chart that shows the locations of EDs at hospitals with their address and zip code in the county service area.

Hospital	Hospital Address	County	In the Zip Code Service Area?
Methodist Germantown	7691 Poplar Ave. Germantown, TN 38138	Shelby	No
Methodist North	3960 New Covington Pike Memphis, TN 38128	Shelby	No
Methodist South	1300 Wesley Dr. Memphis, TN 38116	Shelby	No
Methodist University	1265 Union Ave. Memphis, TN 38104	Shelby	No
Baptist Memphis	6019 Walnut Grove Rd Memphis, TN 38120	Shelby	No
Baptist Collierville	1500 W Poplar Ave Collierville, TN 38017	Shelby	No
Baptist Tipton	1995 Hwy 51 S Covington, TN 38019	Tipton	No
Delta	3000 Getwell Rd Memphis, TN 38118	Shelby	No
St Francis	5959 Park Ave Memphis, TN 38119	Shelby	No
St Francis Bartlett	2986 Kate Bond Rd. Bartlett, TN 38133	Shelby	Yes
Regional One Health (ROH)	877 Jefferson Ave Memphis, TN 38103	Shelby	No

5) Project cost;

**Response:**

The estimated project cost is \$10,016,611. The project will involve a developer that will handle construction, funding, and related costs through a lease. TC Northeast Metro Development, Inc, a wholly owned subsidiary of Trammell Crow Company is the developer of the building, which will be leased from them with an option to buy.

6) Funding;

**Response:**

As stated previously, Trammell Crow Company is funding the building and related costs. The operating agreement between BMH and ROH requires funding equipment, which is \$3,201,301, consultant fees of approx. \$40,100 and CON filing fees. BMHCC has owned the proposed site since 2006, pursuant to its plan to provide health care services in this area.

7) Financial Feasibility including when the proposal will realize a positive financial margin;

**Response:**

Financial feasibility is demonstrated by the Projected Financial Charts and will realize a positive financial margin in the 2nd Year.

8) Staffing.

**Response:**

Nurse Staffing will be handled by BMH through system resources including the Baptist College. Team Health will provide physicians certified in Emergency Medicine as an extension of the current contract that is in place at the main ED on the BMH campus.

**B. Rationale for Approval**

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This

section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

Response:

As presented in previous applications, the main ED on the campus of BMH-Memphis has steadily increased in visits and has reached the capacity that was anticipated when the most recent expansion was completed in 2011. The main ED has expanded to the largest extent possible on the land available in the Northeast direction closest to Briarview Road. In 2016 the emergency department, which was expanded to serve 60,000 patient visits, reached 66,467. The need for additional ED capacity can be best accommodated by satellite facilities. This FSED will serve patients closer to their homes and prevent delay in patient travel and relieve crowded conditions at BMH Memphis. CMS has indicated a support for FSEDs by excluding them from recent payment adjustments to hospital off campus projects. The MedPac recently indicated that FSEDs may be an alternative way to provide efficient health care in areas that cannot support a full hospital.

During the continuing development of FSED criteria with the Office of Health Planning ("OHP"), reference materials have provided opportunities to discuss capacity levels published in *A Practical Guide to Planning for the Future, a Second Edition*. OHP has clarified that the levels are a guideline rather than a standard. The author of the publication states that the levels "...should help you understand the order of magnitude of a proposed project... . ...developed it in a way that you can see how the quantity of potential patient care spaces can affect the total size of an emergency department." The statement on page 109 is, "if you skew more toward the high range...your new facility will likely fall to that side of the area and bed number ranges." Table 5.2 in the publication lists factors that will determine whether an emergency department will be designed in the low range or the high range. One of those factors is Percentage of Admitted Patients, and the high range is an admission rate of more than 25%. In 2015 BMH admitted approx. 27% of its ED patients, indicating that BMH's ED patients have a high average acuity level. This means the actual capacity of the BMH ED is less than it would be if the average acuity level of its ED patients were lower.

This project will also provide a way to strengthen the community's safety net hospital at Regional One Health Medical Center. The emergency department at ROH averaged 48.5 hours diversion per month over the last 6 months of 2016.

2) Economic Feasibility;

**Response:**

The project is economically feasible as demonstrated by the project's positive bottom line in 2nd year of operation. As expressed earlier, support for FSEDs has been demonstrated by MedPac and CMS, the largest purchaser of health services in the country and in Tennessee.

Baptist FSED will educate patients about the services and the cost of care that can be provided in the emergency department compared to alternative settings.

**3) Appropriate Quality Standards; and**

**Response:**

A recent survey in *Emergency Medicine* found that patients listed "competent physician", "courteous and quick registration staff", and "cleanliness" among the 10 most important FSED attributes. The FSED is important to reduce overcrowding at BMH Memphis, particularly in high utilization periods. An overcrowded emergency department leads to extended waits for patients and family and negatively effects patient satisfaction.

Baptist will operate the FSED in a high quality manner. The proposed facility will be licensed, accredited and certified as part of BMH and subject to the same survey and reporting requirements that are otherwise applicable to BMH.

**4) Orderly Development to adequate and effective health care.**

**Response:**

The FSED will contribute to relieving the overcrowding at BMH Memphis and it will provide better access to emergency care to specific zip code areas located around an accessible location directly off I-40. This location is responsive to the comments made at the HSDA hearing on Baptist Memorial Lakeland FSED project that location should be further away from other providers and closer to area in need of service. This location is 6.5 miles from the previously proposed location in Lakeland. The previous Lakeland location was approx. 5 miles closer to BMH Memphis and 5.3 miles closer to ROH. Patients can choose the FSED at peak times and patients coming from Fayette and Haywood counties, who otherwise seek ED services at BMH Memphis, will find the FSED closer than BMH Memphis or ROH.

**C. Consent Calendar Justification**

If Consent Calendar is requested, please provide the rationale for an expedited review. A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

**Response:**

N/A

#### 4. SECTION A: PROJECT DETAILS

##### Owner of the Facility, Agency or Institution

A.

Baptist Memorial Hospital		901-226-5000
Name		Phone Number
350 N Humphreys Blvd		Shelby
Street or Route		County
Memphis	TN	38120
City	State	Zip Code

##### B. Type of Ownership of Control (Check One)

A. Sole Proprietorship	_____	F. Government (State of TN or	_____
B. Partnership	_____	Political Subdivision)	
C. Limited Partnership	_____	G. Joint Venture	_____
D. Corporation (For Profit)	_____	H. Limited Liability Company	_____
E. Corporation (Not-for-Profit)	X	I. Other (Specify)	_____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. **Attachment Section A-4A.**

##### Response:

A copy of the corporate documents are provided as Attachment Section A-4A

**Describe** the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

#### 5. Name of Management/Operating Entity (If Applicable)

Name		
N/A		
Street or Route		County
City	State	Zip Code
Website address: _____		

**For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.**

**Response:** N/A

**6A. Legal Interest in the Site of the Institution (Check One)**

- |                                 |                   |                    |                   |
|---------------------------------|-------------------|--------------------|-------------------|
| A. Ownership                    | <u>    X    </u>  | D. Option to Lease | <u>    X    </u>  |
| B. Option to Purchase           | <u>          </u> | E. Other (Specify) | <u>          </u> |
| C. Lease of <u>      </u> Years | <u>          </u> |                    |                   |

**Check appropriate line above:** For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

**Response:**

A copy of the Notice of Intent/Option to Lease is provided as Attachment Section A-6A

**6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must** include:

- a. Size of site (*in acres*); **Response:** 1.65 Acres
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and
- d. Names of streets, roads or highway that cross or border the site.

**Response:** A copy of the Plot Plan is provided as Attachment Section A-6B-1

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

**Response:** A copy of the Floor Plan is provided as Attachment Section A-6B-2

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**Response:**

Transportation will primarily be by car or ambulance. The site is located close to the intersection of I-40 and Airline Rd.

**Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.**

7. **Type of Institution** (Check as appropriate--more than one response may apply)

- |  |          |   |       |
|--|----------|---|-------|
| A. Hospital (Specify) <u>Department</u>                                | <u>X</u> | H. Nursing Home   | _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty        | _____    | I. Outpatient Diagnostic Center                           | _____ |
| C. ASTC, Single Specialty  | _____    | J. Rehabilitation Facility                                | _____ |
| D. Home Health Agency  | _____    | K. Residential Hospice                                    | _____ |
| E. Hospice   | _____    | L. Nonresidential Substitution-Based Treatment Center for | _____ |
| F. Mental Health Hospital  | _____    | Opiate Addiction  | _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID | _____    | M. Other (Specify) _____                                  | _____ |

Check appropriate lines(s).

8. **Purpose of Review** (Check appropriate lines(s) – more than one response may apply)

- |  |       |   |          |
|--|-------|---|----------|
| A. New Institution   | _____ | F. Change in Bed Complement   | _____    |
| B. Modifying an ASTC with limitation still required per CON                              | _____ | [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] | _____    |
| C. Addition of MRI Unit  | _____ |   |          |
| D. Pediatric MRI   | _____ |   |          |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) _____ | _____ | G. Satellite Emergency Dept.  | <u>X</u> |
|  |       | H. Change of Location   | _____    |
|  |       | I. Other (Specify) _____  | _____    |

9. **Medicaid/TennCare. Medicare Participation**

MCO Contracts [Check all that apply]

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number 44-0048

Medicaid Provider Number 0440048

Certification Type Hospital

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare X Yes \_\_\_ No \_\_\_ N/A Medicaid/TennCare X Yes \_\_\_ No \_\_\_ N/A

10. Bed Complement Data

# 10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical	724	576				724
2) Surgical						
3) ICU/CCU	91	83				60
4) Obstetrical	60	60				91
5) NICU	40	40				40
6) Pediatric	12	12				12
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
<b>TOTAL</b>	<u>927</u>	<u>771</u>				<u>927</u>

\*Beds approved but not yet in service

\*\*Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

**Response:** This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required.

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

**Response:** The applicant does not have any outstanding Certificates of Need that have a licensed bed change component.

<u>CON Number(s)</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>

**11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:**

**Response:** N/A

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

## 12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage						
					Renovated	New	Total				
Building Core and Shell				13,750		13,750	13,750				
Unit/Department GSF Sub-Total						13,750	13,750				
Other GSF Total											
Total GSF						13,750	13,750				
*Total Cost						\$3,643,750	\$3,643,750				
**Cost Per Square Foot						\$265.00	\$265.00				
<p align="center">Cost per Square Foot Is Within Which Range  <i>(For quartile ranges, please refer to the Applicant's Toolbox on <a href="http://www.tn.gov/hsda">www.tn.gov/hsda</a> )</i></p>					<input type="checkbox"/> Below 1st Quartile  <input type="checkbox"/> Between 1st and 2nd Quartile  <input type="checkbox"/> Between 2nd and 3rd Quartile  <input type="checkbox"/> Above 3rd Quartile	<input type="checkbox"/> Below 1st Quartile  <input checked="" type="checkbox"/> Between 1st and 2nd Quartile  <input type="checkbox"/> Between 2nd and 3rd Quartile  <input type="checkbox"/> Above 3rd Quartile	<input type="checkbox"/> Below 1st Quartile  <input checked="" type="checkbox"/> Between 1st and 2nd Quartile  <input type="checkbox"/> Between 2nd and 3rd Quartile  <input type="checkbox"/> Above 3rd Quartile				

\* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

\*\* Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

### 13. MRI, PET, and/or Linear Accelerator

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

**Response:** N/A

<input type="checkbox"/> Linear Accelerator	Mev _____	Types: <input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____
	Total Cost*: _____	<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> MRI	Tesla: _____	Magnet: <input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____
	Total Cost*: _____	<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI	
	Total Cost*: _____	<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____

\* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

**Response:** N/A

- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

**Response:** N/A

- D. Schedule of Operations:

**Response:** N/A

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)		
Mobile Locations (Applicant)		
(Name of Other Location)		
(Name of Other Location)		

E. Identify the clinical applications to be provided that apply to the project.

**Response:** N/A

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

**Response:** N/A

## **SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. **If a question does not apply to your project, indicate "Not Applicable (NA)."**

### **QUESTIONS**

#### **SECTION B: NEED**

##### Methodology for Predicting Utilization by Current Baptist Patients.

Latitude and Longitude were used to measure the distances from patient residences inside the zip code service area that used BMH ED facilities, to determine which locations were closer to their homes. The FSED location in Arlington was included.

First, patients who were closer to the new FSED than to any other Hospital were identified as shown in the chart below. The shaded column marked BMH-ARL shows patients who are closer to Arlington and thus, candidates for the new FSED.

<b>CLOSER TO ARLINGTON</b>	<b><u>Baptist patients from the Zip Code area using BMH-Memphis, BMH-Collierville, BMH-Tipton ED's were closer to these Facilities</u></b>										
	BMH_A RL	BMH _CLV	BMH_ MEM	BMH_ TIP	METH_ GER	METH_ NOR	METH_ SOU	METH _UNI	SF_BAR T	SF_M AIN	Grand Total
FY 2015 Patients	3,365	116	10	1,454	1,622	2,559	1	7	5,252	2	14,388
BMH-Collierville	794	71	1	14	119	63		1	511		1,574
BMH-Memphis	2,126	45	9	200	1,499	1,749	1	6	4,707	2	10,344
BMH- Tipton	445			1,240	4	747			34		2,470
FY 2016 Patients	3,830	107	9	1,490	1,702	2,680	1	4	5,606	8	15,437
BMH-Collierville	1,016	72		12	188	92			604		1,984
BMH-Memphis	2,370	35	9	204	1,505	1,743	1	3	4,961	8	10,839
BMH- Tipton	444			1,274	9	845		1	41		2,614
FY 2017 Patients	2,378	59	4	881	1,085	1,805			3,646	1	9,859
BMH-Collierville	621	41		6	85	56			290	1	1,100
BMH-Memphis	1,469	18	4	123	985	1,231			3,333		7,163
BMH- Tipton	288			752	15	518			23		1,596
FSED (source- Internal BMH Records) (ROH patients not included to provide unbiased projection)											
Note 2017 (Oct-April)	Patients who are potential visits to proposed = 3,365 in FY 2015 and 3,830 in FY 2016 and 4,076 in FY 2017 (annualized)										

Then, the Baptist patients who were closer to St Francis Bartlett were compared to determine which were closer to Arlington as compared to other Baptist facilities.

CLOSER TO ARLINGTON		<u>Baptist patients closer to Saint Francis Bartlett</u>			
	BMH_ARL	BMH_CLV	BMH_MEM	Grand Total	
FY 2015 Patients from:	1,380	233	3,639	5,252	
BMH-Collierville	157	50	304	511	
BMH-Memphis	1,207	182	3,318	4,707	
BMH- Tipton	16	1	17	34	
2016	1,392	189	4,025	5,606	
BMH-Collierville	228	31	345	604	
BMH-Memphis	1,143	158	3,660	4,961	
BMH- Tipton	21		20	41	
2017 (Oct-Apr)	943	100	2,603	3,646	
BMH-Collierville	101	8	181	290	
BMH-Memphis	834	91	2,408	3,333	
BMH- Tipton	8	1	14	23	
	FSED	(source- Internal BMH Records)			
Note 2017 (Oct-April)	Patients that are potential visits to proposed = 1,380 in FY 2015 and 1,392 in FY 2016 and 1,616 in FY 2017 (annualized)				

Then, the Baptist patients who were closer to Methodist North were compared to determine which were closer to Arlington as compared to other Baptist facilities.

<b>CLOSER TO ARLINGTON</b>		<b><i>Baptist patients closer to Methodist North</i></b>			
	BMH_ARL	BMH_MEM	BMH_TIP	Grand Total	
METH_NOR	2,844	4,403	907	8,154	
FY 2015 Patients from:	901	1,359	299	2,559	
BMH-Collierville	13	48	2	63	
BMH-Memphis	470	1,202	77	1,749	
BMH- Tipton	418	109	220	747	
2016	987	1,369	324	2,680	
BMH-Collierville	23	65	4	92	
BMH-Memphis	506	1,169	68	1,743	
BMH- Tipton	458	135	252	845	
2017(Oct-Apr)	612	986	207	1,805	
BMH-Collierville	16	38	2	56	
BMH-Memphis	316	869	46	1,231	
BMH- Tipton	280	79	159	518	

The combination of all Baptist patients from the zip code service area provided 5,646 visits in FY 2015, 6,209 in FY 2016 and are projected to provide 6,743 in FY 2017.

CLOSER TO ARLINGTON	<i>Combination of Arlington, SF Bartlett and Methodist North areas.</i>			
	BMH_ARL	BMH_ARL	BMH_ARL	BMH_ARL
FY 2015	5,646	3,365	1,380	901
BMH-Collierville	964	794	157	13
BMH-Memphis	3,803	2,126	1,207	470
BMH- Tipton	879	445	16	418
FY 2016	6,209	3,830	1,392	987
BMH-Collierville	1,267	1,016	228	23
BMH-Memphis	4,019	2,370	1,143	506
BMH- Tipton	923	444	21	458
FY 2017 (Oct-Apr)	3,933	2,378	943	612
BMH-Collierville	738	621	101	16
BMH-Memphis	2,619	1,469	834	316
BMH- Tipton	576	288	8	280

Finally, the Emergency Severity Index and CPT codes were reviewed to determine an appropriate reduction in the potential number of visits to account for the expected reduction of the most severe cases. It is assumed that patients will self- triage if the issue is life-threatening. The number of Trauma and severe ESI Level 2 patients is expected to be very low.

Severity Index and CPT Codes for 2016 Arlington Group

Cost		Lowest \$					Highest \$	
CPT:		<u>99281</u>	<u>99282</u>	<u>99283</u>	<u>99284</u>	<u>99285</u>	<u>#N/A</u>	<u>Grand Total</u>
ESI LEVEL	ESI							
Highest	1			2	8	31	4	45
	2		5	33	201	533	9	781
	3	56	152	910	1801	1012	15	3946
	4	193	260	604	229	48	1	1335
Lowest	5	26	37	28	3			94
	#N/A	1	1	1	1	2	2	8
TOTAL		276	455	1578	2243	1626	31	6209

ESI Distribution				
<b>Grand Total</b>				
		%	Expected	Reduction
<b>ESI</b>	45		Reduction	<b>6.94%</b>
<b>1</b>	781	0.72%	90%	0.65%
<b>2</b>	3946	12.58%	50%	6.29%
<b>3</b>	1335	63.55%		
<b>4</b>	94	21.50%		
<b>5</b>	8	1.51%		
<b>#N/A</b>	6209	0.13%		

The number of visits based on 2017 projected total is 6,743 available cases. A 7% reduction indicated by the ESI distribution indicates that 6,270 cases are reasonably available.  $(6,743 \times 93\% = 6,270)$ . The conservative projection for Year 1 visits = 6,207. Therefore, existing BMH patients are sufficient to support the FSED project.

As studies indicate, a linear correlation does not exist between ESI (Triage) Levels and CPT(charges). There is a moderate correlation according to study. ESI is the primary indicator of patient condition.

The applicant should utilize Centers for Medicare and Medicaid Services (CMS) throughput measures, available from the CMS Hospital Compare website, to illustrate the wait times at existing emergency facilities in the proposed service area. Data provided on the CMS Hospital Compare website does have a three to six month lag. In order to account for the delay in this information, HSDA may take into account other more timely data provided by the applicant relevant to wait times if provided.

ED-1	Median time from ED arrival to ED departure for ED admitted patients
ED-2	Median time from admit decision to departure for ED admitted patients
OP-18	Median time from ED arrival to ED departure for discharged ED patients
OP-20	Door to diagnostic evaluation by a qualified medical professional
OP-22	ED-patient left without being seen

**Response:**

The CMS measures are indicated on the following page. Baptist Hospitals and Methodist Hospitals have multiple locations under a single provider number for each group and multiple campuses are represented by one report.

The Hospital Compare data indicate that Baptist ED's perform well in the community. Baptist has undertaken rigorous projects to improve

patient flow in the ED. Lean production practices have been implemented, tools and techniques have been structured to keep patients moving through the system and patients and families satisfied. Hallway bed utilization occurs daily to facilitate flow in the area that is filled beyond the capacity of the 54 treatment rooms.

As described in the rationale for the FSED criteria, "Host hospitals applying to establish a FSED displaying efficiencies in care delivery via high volumes and low wait time should not be penalized in the review of this standard. Host hospitals are expected to demonstrate high quality care in order to receive approval."

<p><b>BAPTIST MEMORIAL HOSPITAL</b> 800 WALNUT GROVE ROAD MEMPHIS, TN 38102 (901) 236-5500 (149)</p> <p><b>Overall rating:</b> ★★★★★ Learn more</p> <p><b>Distance:</b> 0.8 miles Add to My Favorites Map and directions</p>	<p><b>Saint Francis Medical Center</b> 2885 KATE BOND RD BARTLETT, TN 38133 (901) 820-7023 (149)</p> <p><b>Overall rating:</b> ★★★★★ Learn more</p> <p><b>Distance:</b> 8.4 miles Add to My Favorites Map and directions</p>	<p><b>METHODIST HOSPITALS</b> 1285 UNION AVE SUITE 700 MEMPHIS, TN 38104 (901) 510-6274 (149)</p> <p><b>Overall rating:</b> ★★★★★ Learn more</p> <p><b>Distance:</b> 11.3 miles Add to My Favorites Map and directions</p>	<p><b>ST FRANCIS HOSPITAL</b> 2649 PARK AVE MEMPHIS, TN 38119 (901) 792-1020 (149)</p> <p><b>Overall rating:</b> ★★★★★ Learn more</p> <p><b>Distance:</b> 2.1 miles Add to My Favorites Map and directions</p>	<p><b>BAPTIST MEMORIAL HOSPITAL TIPTON</b> 1100 BROADWAY STE COVINGTON, TN 38016 (601) 476-2021 (149)</p> <p><b>Overall rating:</b> ★★★★★ Learn more</p> <p><b>Distance:</b> 38.0 miles Add to My Favorites Map and directions</p>	<p><b>DELTA MEDICAL CENTER</b> 300 GERRARD RD MEMPHIS, TN 38103 (901) 543-7226 (149)</p> <p><b>Overall rating:</b> ★★★★★ Learn more</p> <p><b>Distance:</b> 7.1 miles Add to My Favorites Map and directions</p>	<p><b>REGIONAL ONE HEALTH</b> 300 GERRARD AVE MEMPHIS, TN 38103 (901) 543-7226 (149)</p> <p><b>Overall rating:</b> ★★★★★ Learn more</p> <p><b>Distance:</b> 12.6 miles Add to My Favorites Map and directions</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>274 Minutes</p> <p>Other high-volume hospitals: Nation: 230 Minutes Tennessee: 120 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>260 Minutes</p> <p>Other high-volume hospitals: Nation: 204 Minutes Tennessee: 275 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>300 Minutes</p> <p>Other high-volume hospitals: Nation: 135 Minutes Tennessee: 325 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>312 Minutes</p> <p>Other high-volume hospitals: Nation: 205 Minutes Tennessee: 275 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>236 Minutes</p> <p>Other high-volume hospitals: Nation: 248 Minutes Tennessee: 233 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>105 Minutes</p> <p>Other high-volume hospitals: Nation: 88 Minutes Tennessee: 73 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>172 Minutes</p> <p>Other high-volume hospitals: Nation: 116 Minutes Tennessee: 102 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>200 Minutes</p> <p>Other high-volume hospitals: Nation: 161 Minutes Tennessee: 174 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>81 Minutes</p> <p>Other high-volume hospitals: Nation: 142 Minutes Tennessee: 132 Minutes</p>	<p><b>Emergency department volume</b></p> <p>Average (median) time patients spent in the emergency department before they were admitted to the hospital as an inpatient: A lower number of minutes is better</p> <p>24 Minutes</p> <p>Other high-volume hospitals: Nation: 27 Minutes Tennessee: 22.5 Minutes</p>
--	--	--	--	--	--	---	--	--	--	--	--	--	--	--	---	---

The applicant should also provide data on the number of visits per treatment room per year for each of the existing emergency department facilities in the service area. Applicants should utilize applicable data in the Hospital Joint Annual Report to demonstrate the total annual ED volume and annual emergency room visits of the existing facilities within the proposed service area. All existing EDs in the service area should be operating at capacity. This determination should be based upon the annual visits per treatment room at the host hospital's emergency department (ED) as identified by the American College of Emergency Physicians (ACEP) in *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* as capacity for EDs. The capacity levels set forth by this document should be utilized as a *guideline* for describing the potential of a respective functional program. The annual visits per treatment room should exceed what is outlined in the ACEP document. Because the capacity levels set forth in the *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* are labeled in the document as a "preliminary sizing chart", the applicant is encouraged to provide additional evidence of the capacity, efficiencies, and demographics of patients served within the existing ED facility in order to better demonstrate the need for expansion..

**Response:**

BMH Memphis ED Visits Changes per Fiscal Year											Projected
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BMHM Visits	54,300	55,973	56,966	54,284	56,862	58,333	60,274	62,451	62,492	66,467	67,616
% Change		3.08%	1.77%	-4.71%	4.75%	2.59%	3.33%	3.61%			
PED Visits									10,172	19,944	22,932
TOTAL Visits	54,300	55,973	56,966	54,284	56,862	58,333	60,274	62,451	72,664	86,411	90,548
									16.4%	18.9%	4.8%

Regional One Health ED Visits						
Year	2011	2012	2013	2014	2015	2016
Visits	45,189	48,895	55,963	53,189	52,327	54,310
% Change		8.20%	14.46%	-4.96%	-1.62%	3.79%

Each emergency department location within the zip code area or county is listed in the chart below with the emergency room visit utilization from the Hospital Joint Annual Report. It is unclear whether the visits include left without being seen "LWBS" and left against medical advice "LAMA".

An outstanding CON for Methodist University Hospital will increase the treatment rooms at that facility.

HOSPITAL NAME	Current Rooms	Approved Rooms	2013 Visits	2014 Visits	2015 Visits	2016 Visits	*Visits/ Room
Methodist University	38	38	62,587	64,724	70,051	N/A	1,843
Methodist South	37	37	62,300	63,086	65,601	N/A	1,773
Methodist North	43	43	69,062	68,359	72,247	N/A	1,680
Methodist Germantown	38	38	54,914	53,817	57,468	N/A	1,512
Regional One	51	51	55,963	53,187	52,327	54,310	1,065
Baptist-Memphis	54	54	60,274	62,451	62,492	66,647	1,234
Baptist Women	8	8			10,172	20,468	2,559
Baptist-Collierville	13	13	16,714	14,690	17,219	18,379	1,414
Baptist-Tipton	13	13	20,661	19,599	21,432	23,181	1,783
St Francis-Park	38	38	44,856	50,100	54,522	N/A	1,435
St Francis-Bartlett	30	30	36,616	36,103	42,220	N/A	1,407
Delta Medical Center	13	13	26,459	23,963	25,556	N/A	1,966
Total			489,745	490,480	529,875		

If the applicant is demonstrating low-quality care provided by existing EDs in the service area, the applicant shall utilize the Joint Commission's "Hospital Outpatient Core Measure Set". These measures align with CMS reporting requirements and are available through the CMS Hospital Compare website. Full details of these measures can be found in the Joint Commission's *Specification Manual for National Hospital Outpatient Department Quality Measures*. Existing emergency facilities should be in the bottom quartile of the state in the measures listed below in order to demonstrate low-quality of care.

**Response :**

N/A Applicant is not demonstrating low-quality care provided by existing EDs.

OP-1	Median Time to Fibrinolysis
OP-2	Fibrinolytic Therapy Received Within 30 Minutes
OP-3	Median Time to Transfer to Another Facility for Acute Coronary Intervention
OP-4	Aspirin at Arrival
OP-5	Median Time to ECG
OP-18	Median Time from ED Arrival to Departure for Discharged ED Patients
OP-20	Door to Diagnostic Evaluation by a Qualified Medical Personnel
OP-21	ED-Median Time to Pain Management for Long Bone Fracture
OP-23	ED-Head CT or MRI Scan Results for Acute Ischemic Stroke or Hemorrhagic Stroke Patients who Received Head CT or MRI Scan Interpretation With 45 Minutes of ED Arrival

Performance Period: April 2015 -  
March 2016

	OP-1	OP-2	OP-3	OP-4	OP-5	OP-18	OP-20	OP-21	OP-23
<b>BMH - Memphis</b>	Not avail	Not avail	Not avail	96%	11 mins	155 mins	27 mins	60 mins	45%
BMH - Memphis Campus	no cases	no cases	no cases	no cases	no cases	222 mins	32 mins	70 mins	67%
BMH - Women's Campus	no cases	no cases	14 mins	no cases	no cases	103 mins	24 mins	47 mins	No cases
BMH - Collierville Campus	no cases	no cases	no cases	no cases	no cases	159 mins	27 mins	66 mins	20%
<b>BMH - Tipton</b>	Not avail	Not avail	Not avail	Not avail	24 mins	138 mins	34 mins	68 mins	8%
<b>Methodist Hospitals,</b>	Not avail	Not avail	Not avail	75%	11 mins	184 mins	60 mins	30 mins	60%
Methodist University									
Methodist North									
Methodist South									
Methodist Germantown									
<b>Regional One</b>	Not avail	Not avail	Not avail	Not avail	Not avail	258 mins	25 mins	90 mins	Not avail
<b>St. Francis - Park</b>	Not avail	Not avail	Not avail	Not avail	Not avail	186 mins	42 mins	96 mins	100%
<b>St. Francis - Bartlett</b>	Not avail	Not avail	Not avail	Not avail	Not avail	180 mins	37 mins	87 mins	Not avail
<b>Delta Medical Center</b>	Not avail	Not avail	Not avail	Not avail	Not avail	150 mins	75 mins	85 mins	Not avail

**Response :**

Additional data is provided previously in response to 3b above and in the preceding charts that provide the geographical distribution to current BMH ED patients in the service area ZIP codes.

The HSDA should consider additional data provided by the applicant to support the need for the proposed FSED including, but not limited to, data relevant to patient acuity levels, age of patients, percentage of behavioral health patients, and existence of specialty modules. These data may provide the HSDA with additional information on the level of need for emergency services in the proposed service area. If providing additional data, applicants should utilize Hospital Discharge Data System data (HDDS) when applicable. The applicant may utilize other data sources to demonstrate the percentage of behavioral health patients but should explain why the alternative data source provides a more accurate indication of the percentage of behavioral health patients than the HDDS data.

See Standard 2, Expansion of Existing Emergency Department Facility, for more information on the establishment of a FSED for the purposes of decompressing volumes and reducing wait times at the host hospital's existing ED.

Note: Health Planning recognizes that limitations may exist for specific metrics listed above. When significant limitations exist (e.g. there are not adequate volumes to evaluate) applicants may omit these metrics from the application. However, the application should then discuss the limitations and reasoning for omission. Applicants are encouraged supplement the listed metrics with additional

metrics that may provide HSDA with a more complete representation of the need for emergency care services in the proposed service area.

2. **Expansion of Existing Emergency Department Facility:** Applicants seeking expansion of the existing host hospital ED through the establishment of a FSED in order to decompress patient volumes should demonstrate the existing ED of the host hospital is operating at capacity. This determination should be based upon the annual visits per treatment room at the host hospital's emergency department (ED) as identified by the American College of Emergency Physicians (ACEP) in *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* as capacity for EDs. The capacity levels set forth by this document should be utilized as a *guideline* for describing the potential of a respective functional program. The applicant shall utilize the applicable data in the Hospital Joint Annual Report to demonstrate total annual ED volume and annual emergency room visits. The annual visits per treatment room should exceed what is outlined in the ACEP document. Because the capacity levels set forth in the *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* are labeled in the document as a "preliminary sizing chart", the applicant is encouraged to provide additional evidence of the capacity, efficiencies, and demographics of patients served within the existing ED facility in order to better demonstrate the need for expansion. See Standard 1, Demonstration of Need, for examples of additional evidence.

**Response:**

One of the primary purposes of the last ED facility expansion/renovation was to provide all private treatment spaces for visual and auditory privacy. The main ED for Baptist Memphis is at capacity. The characteristics of the patients and complexity of the services place the ED into the High Range ED, which means a larger number of treatment rooms will be necessary.

The function program of the ED includes part of a Primary Stroke Center with access to Endovascular Services. Baptist is the only health care system in the Mid-South to offer the full spectrum of cardiovascular care, from non-invasive cardiology to heart transplantation.

The Baptist ED has a very high ED Admission rate to sophisticated specialty services which indicates the severity of patients. In 2015, Baptist Memphis ED admitted 27% of its patients. That is one of the highest rates in the state.

Relocation of pediatrics to the Women's hospital resulted in primarily adult ED patients at Baptist. As shown below in excerpts from a chart in the *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition*, these characteristics all point to the High Range for the ED existing space.

**TABLE 5.2.**

Factors that will determine whether your future emergency department will be designed in the low range or the high range.

	LOW RANGE	MID RANGE	HIGH RANGE
	You can estimate that your need for patient care spaces and overall department area will be in the LOW RANGE if the majority of the following parameters match what you believe your future department will be:	You can estimate that you are in the MID RANGE of overall patient care space quantities or department size if the majority of your parameters are in this MID RANGE category:	You can estimate that your need for patient care spaces and overall department area will be in the HIGH RANGE if the majority of the following parameters match what you believe your future department will be:
<b>Percentage of admitted patients</b>	Less than 8% of your emergency department patients will be admitted to the hospital. Having a lower acuity patient population will allow for faster turnover of patient care spaces.	A range of 12% to 20% would be considered standard or average.	More than 25% of your emergency department patients will be admitted to the hospital. Having a higher acuity patient population will require more time for diagnosis and treatment in the emergency department.
	LOW RANGE	MID RANGE	HIGH RANGE
<b>Patient care spaces</b>	The use of rapid medical evaluation areas, rapid care, and/or vertical areas to get patient assessment and advanced protocols started allows for fewer private rooms to be designed in the overall emergency department.	The determination that the majority of patients will be seen in private rooms, but with some flexible spaces to see patients in recliners.	The determination that all patients will be seen in private rooms. There will be no private areas that require less space such as curtained cubicles, three-walled patient care areas, and/or patient recliners to assist in advanced protocols or nonurgent patients.
<b>Age of patients</b>	Less than 10% of your patients will be older than 65 years.	10% to 20% of your patients will be older than 65 years.	More than 20% of your patients will be older than 65 years. Older patients require more time and more diagnostic testing.

Additionally, the applicant should discuss why expansion of the existing ED is not a viable option. This discussion should include any barriers to expansion including, but not limited to, economic efficiencies, disruption of services, workforce duplication, restrictive covenants, and issues related to access. The applicant should also provide evidence that all practical efforts to improve efficiencies within the existing ED have been made, including, but not limited to, the review of and modifications to staffing levels.

Applicants seeking to decompress volumes of the existing host hospital ED must be able to demonstrate need for the additional facility in the proposed service area in accordance with Standard 1, Determination of Need.

**Response:**

The last expansion of the main ED went as far to the northeast as possible. To attempt an expansion at the main facility would disrupt services or would involve internal reconfiguration of several services with extensive expense beyond the scope of the ED. In addition to the number of visits per room exceeding the Capacity shown below for 54 spaces at 1,250 visits/space, the architect from the firm that led the last expansion has provided a letter expressing professional opinion on the following page.

**FIGURE 5.1. (Cont.)**

**Preliminary sizing chart. Courtesy of Huddy HealthCare Solutions.**

High Range Estimates										Use this Departmental Gross Area Calculation for Internal Renovations	Use this Building Gross Area if completely new construction or freestanding ED	
See page 118 for notes concerning the information presented in the chart below												
High Range: Sample Distribution of Emergency Department Patient Care Spaces									Capacity	Area per Space	Dept Gross Area	1.25 BGFS Multiplier
Ref No.	Annual ED Volume	CIA (Care Initiation)	Universal	Isolation	Resusc	Total Main ED	Extended Stay	Total Spaces	Visits/ Space	DGSF/ Patient Space	DGSF: Dept. Gross Square Footage	BGFS: Building Gross Square Footage
10.	55,000 ED visits	5 Spaces	21 Spaces	4 Spaces	3 Spaces	33 Spaces	11 Spaces	44 Spaces	1,250 vis/sp	850 DGSF/ Space	37,400 DGSF	46,750 BGFS
11.	60,000 ED visits	5 Spaces	23 Spaces	4 Spaces	3 Spaces	35 Spaces	12 Spaces	47 Spaces	1,277 vis/sp	825 DGSF/ Space	38,775 DGSF	48,469 BGFS
12.	65,000 ED visits	6 Spaces	25 Spaces	5 Spaces	3 Spaces	39 Spaces	13 Spaces	52 Spaces	1,250 vis/sp	825 DGSF/ Space	42,900 DGSF	53,625 BGFS
13.	70,000 ED visits	6 Spaces	27 Spaces	5 Spaces	4 Spaces	42 Spaces	14 Spaces	56 Spaces	1,250 vis/sp	825 DGSF/ Space	46,200 DGSF	57,750 BGFS
14.	75,000 ED visits	7 Spaces	29 Spaces	5 Spaces	4 Spaces	45 Spaces	15 Spaces	60 Spaces	1,250 vis/sp	800 DGSF/ Space	48,000 DGSF	60,000 BGFS

Patient Care Areas other than Ancillary Services	# Hospital ED	# proposed Satellite ED	# Combined EDs
Exam/Treatment Rooms	43	8	51
Multipurpose			
Gynecological	2	1 included in exam	2 (1 included in exam)
Holding/Secure/Psychiatric	2 included in exam	1 included in exam	3 included in exam
Isolation	2 included in exam	1 included in exam	3 included in exam
Orthopedic	2		2
Trauma	6	1 included in exam	6 (1 included in exam)
Other	1		1
Triage Stations	3 not rooms	2 not rooms	5 not rooms
Decontamination Rooms/Stations	1 area not room	1 area not room	2 area not rooms
Total			
Useable SF of Main and Satellite ED's	54	8	62



*Moving forward together to create environments that shape lives.*

April 19, 2017

Melanie Hill, Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Baptist Memorial Hospital, Satellite Emergency Department in Arlington, CN1701-005

Dear Ms. Hill:

ESa has worked with Baptist Memorial Health Care system for over 25 years, and we have been asked to submit comments in support of the project referenced above. Our firm has 56 years of design experience in the State of Tennessee, and we have planned and designed thousands of medically-related facilities of all types and sizes nationwide. These include complex, phased multi-facility, multi-campus projects for notable health systems, not-for-profit and for-profit clients. ESa is currently engaged in projects totaling more than \$2.5 billion in construction costs, with over \$2.07 billion of that being in the area of healthcare design.

Over the last 25 years, ESa has designed all of the major projects on the Baptist Memorial Hospital-Memphis campus and we have a good understanding of the site and facilities as well as the issues and challenges on that campus. We have been asked to submit comments on two points in support of the Baptist Memorial Hospital, Satellite Emergency Department in Arlington.

The first point is the capacity of the current ED at Baptist Memorial Hospital-Memphis ("BMH"). We were engaged to develop the plans to expand the ED as part of a project that began in 2008. This expansion project resulted in a total of 54 treatment rooms at the BMH ED. In light of the significant proportion of BMH ED patients who are high acuity or specialty patients, and considering the levels of services these patients require, we would expect the BMH ED to reach capacity at approximately 62,000 to 65,000 patient visits per year. This view is informed by design of over 500 ED projects across the United States since the year 2000. Our view is also consistent with other design benchmarks we consider credible.

We have also been asked to comment on the ability to expand the BMH ED at its current location. As noted above, we provided the design for the BMH ED expansion project, and we are otherwise very familiar with the BMH facility and campus. The portion of the BMH campus where the ED is located is basically land-locked, and there is no space to accommodate horizontal expansion. In our experience, a vertical expansion would be very expensive to build, significantly disruptive to existing ED services and it would negatively impact the efficiency of operations.

We would appreciate the Agency considering these comments.

Very truly yours,

Harold D. Petty, AIA  
Principal

architecture interior architecture master planning space planning  
1033 Demonbreun Street Suite 800 Nashville, TN 37203 615-329-9445 [www.esarch.com](http://www.esarch.com)

3. **Relationship to Existing Similar Services in the Area:** The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall include the likely impact of the proposed FSED on existing EDs in the service area and shall include how the applicant's services may differ from existing services. Approval of the proposed FSED should be contingent upon the applicant's demonstration that existing services in the applicant's proposed geographical service area are not adequate and/or there are special circumstances that require additional services.

**Rural:** The applicant should provide patient origin data by ZIP Code for each existing facility as well as the proposed FSED in order to verify the proposed facility will not negatively impact the patient base of the existing rural providers. The establishment of a FSED in a rural area should only be approved if the applicant can adequately demonstrate the proposed facility will not negatively impact any existing rural facilities that draw patients from the proposed service area. Additionally, in an area designated as rural, the proposed facility should not be located within 10 miles of an existing facility. Finally, in rural and proposed service areas, the location of the proposed FSED should not be closer to an existing ED facility than to the host hospital.

**Response:**

The application is developed on the basis of the applicant's existing patients and the project will not have material negative impact on other providers. The new FSED will serve counties where other hospitals have closed, and will not directly impact any rural providers. There are no hospitals in Haywood County, which is the only county identified as rural.

4. **Host Hospital Emergency Department Quality of Care:** Additionally, the applicant shall provide data to demonstrate the quality of care being provided at the ED of the host hospital. The quality metrics of the host hospital should be in the top quartile of the state in order to be approved for the establishment of a FSED. The applicant shall utilize the Joint Commission's hospital outpatient core measure set. These measures align with CMS reporting requirements and are available through the CMS Hospital Compare website. Full details of these measures can be found in the Joint Commission's *Specification Manual for National Hospital Outpatient Department Quality Measures*.

OP-1	Median Time to Fibrinolysis
OP-2	Fibrinolytic Therapy Received Within 30 Minutes
OP-3	Median Time to Transfer to Another Facility for Acute Coronary Intervention
OP-4	Aspirin at Arrival
OP-5	Median Time to ECG
OP-18	Median Time from ED Arrival to Departure for Discharged ED Patients
OP-20	Door to Diagnostic Evaluation by a Qualified Medical Personnel
OP-21	ED-Median Time to Pain Management for Long Bone Fracture
OP-23	ED-Head CT or MRI Scan Results for Acute Ischemic Stroke or Hemorrhagic Stroke Patients who Received Head CT or MRI Scan Interpretation With 45 Minutes of ED Arrival

Sources: [https://www.jointcommission.org/hospital\\_outpatient\\_department/](https://www.jointcommission.org/hospital_outpatient_department/)  
[https://www.jointcommission.org/assets/1/6/HAP\\_Outpatient\\_Dept\\_Core\\_Measure\\_Set.pdf](https://www.jointcommission.org/assets/1/6/HAP_Outpatient_Dept_Core_Measure_Set.pdf)  
<https://www.medicare.gov/hospitalcompare/search.html>  
<https://data.medicare.gov/data/hospital-compare>

*Note: Health Planning recognizes that limitations may exist for specific metrics listed above. When significant limitations exist (e.g. there are not adequate volumes to evaluate) applicants may omit these metrics from the application. However, the application should then discuss the limitations and reasoning for omission. Applicants are encouraged supplement the listed metrics with additional metrics that may provide HSDA with a more complete representation of the need for emergency care services in the proposed service area.*

### Response

Updated data in the following table indicate that BMH-Memphis is in the top for most categories.

**The updated data in the following Chart demonstrates the BMH-**

Performance Period	Jul 2015 - Jun 2016		Jul 2015 - March 2016								CY20 15
	ED-1	ED-2	OP-2	OP-3b	OP-4	OP-5	OP-18	OP-20	OP-21	OP-23	OP-22
<b>BMH - Memphis</b>	274 mins	78 mins	not avail	not avail	100%	10 mins	151 mins	27 mins	56 mins	not avail	2%
BMH - Memphis Campus	307 mins	99 mins	no cases	no cases	no cases	no cases	201 mins	29 mins	73 mins	60%	2%
BMH - Women's Campus	205 mins	45 mins	no cases	no cases	100%	8 mins	106 mins	24 mins	45 mins	no cases	2
BMH - Collierville Campus	215 mins	49 mins	no cases	no cases	100%	10 mins	158 mins	26 mins	56 mins	0%	2%
<b>BMH - Tipton</b>	236 mins	42 mins	not avail	not avail	86%	21 mins	135 mins	33 mins	67 mins	5%	2%
<b>Methodist Hospitals,</b>											
Methodist University	303 mins	69 mins	not avail	not avail	75%	11 mins	184 mins	60 mins	31 mins	63%	3%
Methodist North											
Methodist South											
Methodist Germantown											
<b>Regional One</b>	421 mins	172 mins	not avail	not avail	not avail	not avail	260 mins	24 mins	90 mins	not avail	8%
<b>St. Francis - Park</b>	312 mins	103 mins	not avail	not avail	not avail	not avail	190 mins	42 mins	94 mins	not avail	2%
<b>St. Francis - Bartlett</b>	362 mins	121 mins	not avail	not avail	not avail	not avail	178 mins	35 mins	82 mins	not avail	3%
<b>Delta Medical Center</b>	320 mins	105 mins	not avail	not avail	not avail	not avail	165 mins	81 mins	87 mins	not avail	8%
<b>Tennessee</b>	325 mins	151 mins	75%	54 mins	96%	6 mins	158 mins	29 mins	50 mins	66%	2%
<b>National Average</b>	335 mins	134 mins	59%	59 mins	96%	7 mins	171 mins	30 mins	52 mins	70%	2%

Current Reporting

5. **Geographic Location:** The FSED should be located within a 35 mile radius of the hospital that is the main provider.

**Response:**

The proposed FSED is approximately 17 driving miles from the host hospital BMH-Memphis.

6. **Access:** The applicant must demonstrate an ability and willingness to serve equally all of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access to ED services in the proposed Service Area.

**Response:**

The FSED will be open to all who seek service and will be compliant with EMTALA and all State and Federal requirements and guidelines.

7. **Services to High-Need Populations:** Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are uninsured, low income, or patients with limited access to emergency care.

**Response:**

Special Needs for the ED will primarily be age related. Pediatric and geriatric patients will be accommodated. In addition, the facility will serve all patients regardless of resources.

8. **Establishment of Non- Rural Service Area:** The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The applicant shall demonstrate the orderly development of emergency services by providing information regarding current patient origin by ZIP Code for the hospital's existing ED in relation to the proposed service area for the FSED.

**Establishment of a Rural Service Area:** Applicants seeking to establish a freestanding emergency department in a rural area with limited access to emergency medical care shall establish a service area based upon need. The applicant shall demonstrate the orderly development of emergency services by providing information regarding patient origin by ZIP Code for the proposed service area for the FSED.

**Response:**

The Zip Code of the service area with counts from each are provided.

Zip Area	2015	2016	2015	2016
38002	1452	1456	25.7%	23.4%
38010	5	4	0.1%	0.1%
38014	25	19	0.4%	0.3%
38016	543	605	9.6%	9.7%
38018	16	10	0.3%	0.2%
38028	363	429	6.4%	6.9%
38036	75	68	1.3%	1.1%
38048	3	5	0.1%	0.1%
38049	434	420	7.7%	6.8%
38053	972	1071	17.2%	17.2%
38054	4	12	0.1%	0.2%
38055	1		0.0%	0.0%
38060	570	756	10.1%	12.2%
38068	862	1001	15.3%	16.1%
38069	7	12	0.1%	0.2%
38076	107	158	1.9%	2.5%
38083	25	19	0.4%	0.3%
38133	171	145	3.0%	2.3%
38135	11	19	0.2%	0.3%

9. **Relationship to Existing Applicable Plans; Underserved Area and Population:** The proposal's relationship to underserved geographic areas and underserved population groups shall be a significant consideration.

**Response:**

The residents of the Arlington have expressed a need for health services closer to their homes.

The FSED will accommodate pediatric and geriatric patients, and the facility will treat all patients without regard to ability to pay.

10. **Composition of Services:** Laboratory and radiology services, including but not limited to XRAY and CT scanners, shall be available on-site during all hours of operation. The FSED should also have ready access to pharmacy services and respiratory services during all hours of operation.

**Response:**

Laboratory and radiology services, including XRAY and CT will be available on-site during all hours of operation. Pharmacy services and respiratory services will be accessible during operating hours.

- 11. Pediatric Care:** Applicants should demonstrate a commitment to maintaining the same level of pediatric care at the FSED as at the sponsoring ED facility, including staffing levels, pediatric equipment, staff training, and pediatric services. Applicants should include information detailing the expertise, capabilities, and/or training of staff to stabilize or serve pediatric patients. Additionally, applicants should demonstrate a referral relationship, including a plan for the rapid transport, with a children's hospital to allow for a specialized higher level of care for pediatric patients when required.

**Response:**

The FSED will have access to expertise of Pediatric Intensivists through the Spence and Becky Wilson Baptist Children's Hospital at Baptist Memorial Hospital for Women that is a location of Baptist Memorial Hospital.

- 12. Assurance of Resources:** The applicant shall document that it will provide the resources necessary to properly support the applicable level of emergency services. Included in such documentation shall be a letter of support from the applicant's governing board of directors or Chief Financial Officer documenting the full commitment of the applicant to develop and maintain the facility resources, equipment, and staffing to provide the appropriate emergency services. The applicant shall also document the financial costs of maintaining these resources and its ability to sustain them to ensure quality treatment of patients in the ED continuum of care.

**Response:**

Letters from the Chief Financial Officers are included documenting the availability of resources and commitment to use them. The Joint Operating Agreement with Regional One indicates the support of two major healthcare institutions for the FSED service.

- 13. Adequate Staffing:** An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed service area. Each applicant shall outline planned staffing patterns including the number and type of physicians and nurses. Each FSED is required to be staffed by at least one physician and at least one registered nurse at all times (24/7/365). Physicians staffing the FSED should be board certified or board eligible emergency physicians. If significant barriers exist that limit the applicant's ability to recruit a board certified or board eligible emergency physician, the applicant shall document these barriers for the HSDA to take into consideration. Applicants are encouraged to staff the FSED with registered nurses certified in emergency nursing care and/or advanced cardiac life support. The medical staff of the FSED shall be part of the hospital's single organized medical staff, governed by the same bylaws. The nursing staff of the FSED shall be part of the hospital's single organized nursing staff. The nursing services provided shall comply with the hospital's standards of care and written policies and procedures.
- Adequate Staffing of a Rural FSED:** An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed service area. Each applicant shall outline planned staffing patterns including the number and type of physicians. FSEDs proposed to be located in rural areas are required to be

staffed in accordance with the Code of Federal Regulations Title 42, Chapter IV, Subchapter G, Part 485, Subpart F – Conditions of Participation: Critical Access Hospitals (CAHs). This standard requires a physician, nurse practitioner, clinical nurse specialist, or physician assistant be available at all times the CAH operates. The standard additionally requires a registered nurse, clinical nurse specialist, or licensed practical nurse to be on duty whenever the CAH has one or more inpatients. However, because FSEDs shall be in operation 24/7/365 and because they will not have inpatients, a registered nurse, clinical nurse specialist, or licensed practical nurse shall be on duty at all times (24/7/365). Additionally, due to the nature of the emergency services provided at an FSED and the hours of operation, a physician, nurse practitioner, clinical nurse specialist, or physician assistant should be on site at all times.

Source: [http://www.ecfr.gov/cgi-bin/text-idx?rgn=div6&node=42:5.0.1.1.4.4#se42.5.485\\_1631](http://www.ecfr.gov/cgi-bin/text-idx?rgn=div6&node=42:5.0.1.1.4.4#se42.5.485_1631)

**Response :**

In addition to the staffing indicated in the Chart below, Team Health will provide physician staffing as an extension of the Group's relationship with the Baptist System.

The staff will be organized as a provider based location of Baptist Memorial Hospital as required by State and CMS Rules and Guidelines.

Position	Existing FTEs	Projected FTEs	Average Wage (Contractual	Area Wide/Statewide
<b>a) Direct Patient Care Positions</b>	N/A			
RNs		8.2	\$27.84	\$27.10
Respiratory Therapist		3.5	\$28.85	\$23.16
Medical Assistant		3.3	\$14.00	\$13.48
Manager		1	\$37.30	\$37.86
Lab Tech		3.2	\$26.50	\$16.81
Ultrasound Tech		3.2	\$28.15	\$23.49
CT Tech		3.3	\$25.50	\$24.45
<b>Total Direct Patient Care Positions</b>		25.7		

<b>b) Non-Patient Care Positions</b>				
Director		1	\$55.25	\$40.54
MM Tech		1	\$11.56	\$11.55
Receptionist		3.2	\$15.00	\$13.85
<b>Total Non-Patient Care Positions</b>		5.2		
<b>Total Employees (A+B)</b>		30.9		
<b>c) Contractual Staff Security</b>		4.3	14.00	
<b>Total Staff (a+b+c)</b>		35.2		

- 14. Medical Records:** The medical records of the FSED shall be integrated into a unified retrieval system with the host hospital.

**Response:**

Medical records will be part of the Epic system that will provide unified retrieval at any Baptist location.

- 15. Stabilization and Transfer Availability for Emergent Cases:** The applicant shall demonstrate the ability of the proposed FSED to perform stabilizing treatment within the FSED and demonstrate a plan for the rapid transport of patients from the FSED to the most appropriate facility with a higher level of emergency care for further treatment. The applicant is encouraged to include air ambulance transport and an on-site helipad in its plan for rapid transport. The stabilization and transfer of emergent cases must be in accordance with the Emergency Medical Treatment and Labor Act.

**Response:**

The FSED will have a Helipad for Air Transportation and a ground ambulance will be stationed at the facility for patient transfers.

- 16. Education and Signage:** Applicants must demonstrate how the organization will educate communities and emergency medical services (EMS) on the capabilities of the proposed FSED and the abilities for the rapid transport of patients from the FSED to the most appropriate hospital for further treatment. It should also inform the community that inpatient services are not provided at the facility and patients requiring inpatient care will be transported by EMS to a full service hospital. The name, signage, and other forms of communication of the FSED shall clearly indicate that it provides care for emergency and or urgent medical conditions without the requirement of a scheduled appointment. The applicant is encouraged to demonstrate a plan for educating the community on appropriate use of emergency services contrasted with appropriate use of urgent or primary care.

**Rationale:** CMS S&C Memo 08-08, 2008, "...encourages hospitals with off-campus EDs to education communities and EMS agencies in their service area about the operating hours and capabilities available at the off-campus ED, as well as the hospital's capabilities for rapid transport of patients from the off-campus ED to the main campus for further treatment".

**Response:**

Baptist is committed to providing education in collaboration with the community leaders to ensure that patients understand the types and costs of hospital services that will be provided. Signage will be visible and noticeably displayed and personnel will inform patients on registration.

**17. Community Linkage Plan:** The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health and outpatient behavioral health care system, including mental health and substance use, providers/services, providers of psychiatric inpatient services, and working agreements with other related community services assuring continuity of care. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of ED usage.

**Response:**

Baptist Memorial Health Care is a member of the Crestwyn Behavioral Health Venture in Collierville, TN. Patients will have access to behavioral health services and education.

**18. Data Requirements:** Applicants shall agree to provide the Department of Health and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

**Response:**

Baptist Memorial Hospital agrees to provide the Department of Health and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested

**19. Quality Control and Monitoring:** The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. The FSED shall be integrated into the host hospital's quality assessment and process improvement processes.

**Response:**

Baptist Memorial Hospital will document its existing plan for data reporting, quality improvement, and outcome and process monitoring system. The FSED will be integrated into the host hospital's quality assessment and process improvement processes.

**20. Provider-Based Status:** The applicant shall comply with regulations set forth by 42 CFR 413.65, *Requirements for a determination that a facility or an organization has provider-based status* in order to obtain provider-based status. The applicant shall demonstrate eligibility to receive Medicare and Medicaid reimbursement, willingness to serve emergency uninsured patients, and plans to contract with commercial health insurers.

**Response:**

Baptist Memorial Hospital has experience in provider-based off-campus provision of services, and it is familiar with the requirements of provider-based regulations. The facility will be Medicare certified and covered by BMH's TennCare MCO and commercial health insurance

contractors. The facility will serve all patients without regard to ability to pay.

- 21. Licensure and Quality Considerations:** Any applicant for this CON service category shall be in compliance with the appropriate rules of the TDH, the EMTALA, along with any other existing applicable federal guidance and regulation. The applicant shall also demonstrate its accreditation status with the Joint Commission or other applicable accrediting agency. The FSED shall be subject to the same accrediting standards as the licensed hospital with which it is associated.

**Response:**

Baptist Memorial Hospital will continue compliance with the appropriate rules of the TDH, the EMTALA, along with any other existing applicable federal guidance and regulation. The Hospital is Joint Commission accredited and will include the FSED in meeting the standards

- A. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

**Response:**

This project is consistent with the long range plans of both BMH and ROH to accommodate the health needs of the patient communities they serve and to provide the highest quality, safety and service expectations.

The long range plans involve preparing for the future by responding at the right time in the right place with the appropriate level of accessible health service at the right cost. This project is a direct relationship to those plans and it supported by changes in the health care market. As previously mentioned, the FSED can be a portal to medical homes for chronic care patients. FSEDs support current forces for change in health care delivery such as: (1) heightened demand for emergency services, (2) rising consumerism in health care as demonstrated by choices of quality metrics, and (3) the closing and reduction of hospital-based emergency departments, such as the reduction in hours at Delta Medical and the closing of hospitals in Haywood and Fayette counties.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

**Response:**

A county level map is marked as an attachment to show Shelby and Fayette as the primary counties and Tipton and Haywood as secondary counties of service for the satellite ED.

However, the zip code map on the following page is provided to identify the primary area that is the focus of this CON application. The zip codes define the primary boundaries to be evaluated for patients who are already going to the main EDs at BMH or ROH. The zip code map visually shows BMH-M and ROH patients' origins relative the proposed FSED Site. The darker shade zips are closer to the FSED. Although the lighter shade zips are farther away, they represent residences of current BMH and ROH patients. Reaching the location of the FSED will require less travel time because it is at an intersection of I-40 or will be an alternative during peak load periods at the main facilities. The hatched zips represent locations where a local hospital closed, and patients chose BMH and ROH for service.



**Distance from Service Area Zip Code Centroid to Arlington FSED**

<b>ZIP Code</b>	<b>Community</b>	<b>Distance in Miles</b>
38002	Arlington	4.7
38012	Brownsville	35.5
38016	Cordova	11
38018	Cordova	13
38028	Eads	6.7
38049	Mason	15.8
38053	Millington	19.9
38060	Oakland	13.2
38068	Somerville	21.6
38069	Stanton	24.9
38076	Williston	22
38133	Memphis	9.4
38135	Memphis	15.5

Sources: Google Maps, centroid of zip codes

**Distance from Arlington FSED to Hospital EDs**

<b>Hospital</b>	<b>Hospital Address</b>	<b>Distance in Miles</b>
Meth Germ	7691 Poplar Ave. Germantown, TN 38138	16
Meth North	3960 New Covington Pike Memphis, TN 38128	18.9
Meth South	1300 Wesley Dr. Memphis, TN 38116	30.9
Meth Uni	1265 Union Ave. Memphis, TN 38104	27.5
Bapt Mem	6019 Walnut Grove Rd Memphis, TN 38120	16.7
Bapt Cvllle	1500 W Poplar Ave Collierville, TN 38017	23.1
Bapt Tipton	1995 Hwy 51 S Covington, TN 38019	23.7
Delta	3000 Getwell Rd Memphis, TN 38118	23.7
St Francis	5959 Park Ave Memphis, TN 38119	19.3
St Francis Bartlett	2986 Kate Bond Rd. Bartlett, TN 38133	9.3
ROH	877 Jefferson Ave Memphis, TN 38103	28

Source: Google Maps

Please complete the following tables, if applicable:

**2015 Base planning year for Baptist emergency departments**

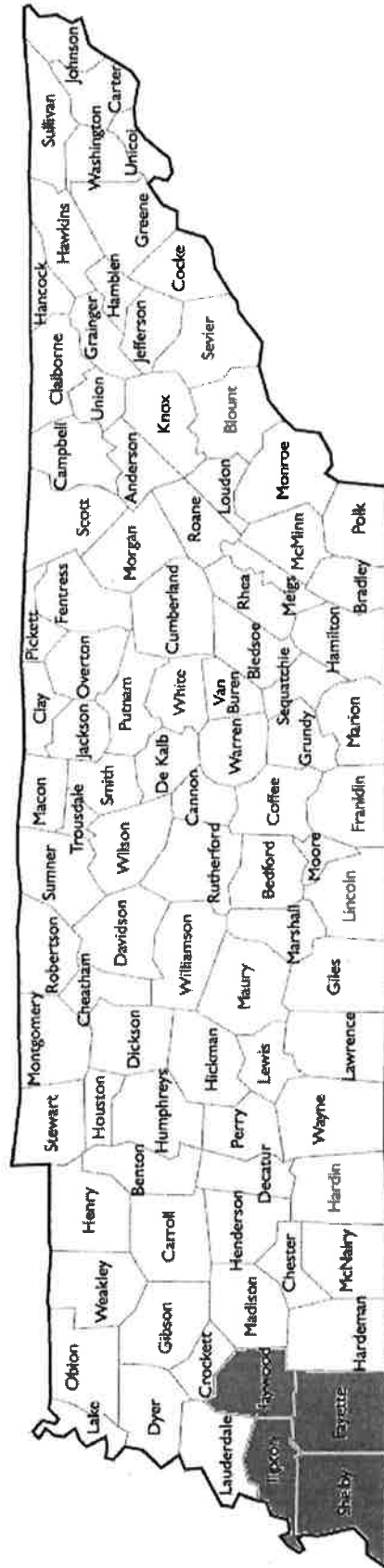
Zip Codes	Memphis, Tipton, Collierville		Memphis Only	
38002	1,524	10%	1,316	12%
38010	5	0%	2	0%
38012	247	2%	42	0%
38014	26	0%	23	0%
38016	2,645	17%	2,356	21%
38018	3,027	20%	2,786	25%
38028	492	3%	295	3%
3836	75	0%	49	0%
38048	3	0%	1	0%
38049	1,262	8%	240	2%
38053	1,820	12%	1,027	9%
38054	5	0%	2	0%
38055	1	0%	1	0%
38060	570	4%	384	3%
38068	862	6%	510	5%
38069	370	2%	57	1%
38076	131	1%	34	0%
38083	26	0%	17	0%
38088	36	0%	26	0%
38133	1,015	7%	941	8%
38035	1,153	8%	1,093	10%
TOTAL	15,295	100%	11,202	100%

**Projected Arlington FSED**

Zip Area	2015	2016	% in 2015	% in 2016
38002	1452	1456	25.7%	23.4%
38010	5	4	0.1%	0.1%
38014	25	19	0.4%	0.3%
38016	543	605	9.6%	9.7%
38018	16	10	0.3%	0.2%
38028	363	429	6.4%	6.9%
38036	75	68	1.3%	1.1%
38048	3	5	0.1%	0.1%
38049	434	420	7.7%	6.8%
38053	972	1071	17.2%	17.2%
38054	4	12	0.1%	0.2%
38055	1		0.0%	0.0%
38060	570	756	10.1%	12.2%
38068	862	1001	15.3%	16.1%
38069	7	12	0.1%	0.2%
38076	107	158	1.9%	2.5%
38083	25	19	0.4%	0.3%

38133	171	145	3.0%	2.3%
38135	11	19	0.2%	0.3%

County Level Map



B. 1). a) Describe the demographics of the population to be served by the proposal.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Projected Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
Shelby	964,804	986,423	2.24%	N/A	N/A	N/A	N/A	34.9	\$46,224	206,468	21.4%	281,655	29.2%
Fayette	45,626	49,441	8.36%	N/A	N/A	N/A	N/A	43.7	\$54,890	6,342	13.9%	7,284	16.0%
Tipton	68,247	72,169	5.75%	N/A	N/A	N/A	N/A	37	\$53,669	9,282	13.6%	14,293	20.9%
Haywood	18,348	18,048	-1.64%	N/A	N/A	N/A	N/A	39.9	\$34,182	4,183	22.8%	6,047	33.0%
Service Area Total	1,097,025	1,126,081	2.65%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	309,279	28.2%
State of TN Total	6,887,572	7,179,512	4.24%	N/A	N/A	N/A	N/A	38.4	\$45,219	1,212,213	17.6%	1,559,209	22.6%
38002	46,900	50,254	7.15%	N/A	N/A	N/A	N/A	37.5	\$93,603	2,345	5.0%	N/A	N/A
38012	14,012	13,942	-0.50%	N/A	N/A	N/A	N/A	39.9	\$33,650	3,349	23.9%	N/A	N/A
38016	47,857	50,235	4.97%	N/A	N/A	N/A	N/A	34.7	\$66,754	3,159	6.6%	N/A	N/A
38018	38,014	39,769	4.62%	N/A	N/A	N/A	N/A	35.2	\$68,109	3,839	10.1%	N/A	N/A
38028	6,979	7,376	5.69%	N/A	N/A	N/A	N/A	48.8	\$93,892	230	3.3%	N/A	N/A
38049	4,698	4,725	0.58%	N/A	N/A	N/A	N/A	41.5	\$35,826	1,048	22.3%	N/A	N/A
38053	28,377	28,683	1.08%	N/A	N/A	N/A	N/A	40.2	\$51,423	4,625	16.3%	N/A	N/A
38060	10,431	11,041	5.85%	N/A	N/A	N/A	N/A	37.4	\$64,636	636	6.1%	N/A	N/A
38068	10,668	10,699	0.29%	N/A	N/A	N/A	N/A	42.5	\$41,048	1,942	18.2%	N/A	N/A
38069	2,440	2,398	-1.72%	N/A	N/A	N/A	N/A	38	\$33,784	569	23.3%	N/A	N/A
38076	793	786	-0.91%	N/A	N/A	N/A	N/A	48.8	\$50,536	82	10.3%	N/A	N/A
38133	21,698	22,197	2.30%	N/A	N/A	N/A	N/A	37.3	\$67,606	2,148	9.9%	N/A	N/A
38135	31,556	32,406	2.69%	N/A	N/A	N/A	N/A	39.4	\$77,989	1,704	5.4%	N/A	N/A
Service Area Total	264,422	274,511	3.82%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State of TN Total	6,887,572	7,179,512	4.24%	N/A	N/A	N/A	N/A	38.4	\$45,219	1,212,213	17.6%	1,559,209	22.6%

\* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**Response :**

Special Needs for the ED will primarily be age related. Pediatric and geriatric patients will be accommodated. All patients will be served regardless of ability to pay.

- C. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

**Response :**

There are no CON approved and unimplemented FSEDs in the service area.

Each emergency department location within the zip code area or county is listed in the chart below with the emergency room visit utilization from the Hospital Joint Annual Report. It is unclear whether the visits include left without being seen "LWBS" and left against medical advice "LAMA".

HOSPITAL NAME	ED Rooms	2011 Visits	2012 Visits	2013 Visits	2014 Visits	2015 Visits
Methodist University	38	56,725	60,902	62,587	64,724	70,051
Methodist South	37	59,346	62,659	62,300	63,086	65,601
Methodist North	43	59,726	66,862	69,062	68,359	72,247
Methodist Germantown	38	48,109	53,937	54,914	53,817	57,468
Regional One	51	45,189	48,985	55,963	53,187	52,327
Baptist-Memphis	54	56,862	58,333	60,274	62,451	62,492
Baptist Women	8					10,172
Baptist-Collierville	13	16,602	17,735	16,714	14,690	17,219
St Francis-Park	38	39,853	42,198	44,856	50,100	54,522
St Francis-Bartlett	30	31,353	36,561	36,616	36,103	42,220
Delta Medical Center	13	24,350	24,385	26,459	23,963	25,556
Total		438,115	472,557	489,745	490,480	529,875

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**Response:**

The projection for year 1 is 6,207 visits and year 2 is 9,248 visits. The projections are based on conservative estimates of the proportion of patients as the proximate zip codes who will use the satellite ED.

BMH Memphis ED and PED Visits Fiscal Year				Projected
Year	2014	2015	2016	2017
BMHM Visits	62,451	62,492	66,467	67,616
PED Visits		10,172	19,944	22,932
TOTAL Visits	62,451	72,664	86,411	90,548

## **SECTION B: ECONOMIC FEASIBILITY**

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

### **Response:**

The chart has been completed on the following page. The project cost excluding CON filing fee is \$9,959,344.

- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

### **Response:**

The cost of the project, which will involve a developer and lease for the building, is based on the aggregate of lease payment, because that total is higher than the market value costs.

The project cost comparison of the fair market value of completing the project without a developer to the lease arrangement including a developer is shown on the following page. The fair market value of the project is \$3,809,291, which is the sum of the construction cost (\$3,643,750) and the value of the land (\$165,541). Land value is based on allocating a proportionate share of the tax appraisal value of \$8,521,900 for the entire parcel of 85 acres. The fair market value is less than the lease cost of \$6,466,493, so the higher amount is used in the Project Cost Chart.

- 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

### **Response:**

The equipment value is \$3,201,301. Major fixed equipment items are not part of the project.

The amounts for the equipment are shown in the following list:

Equipment over \$50,000

<u>Name</u>	<u>Est. Cost</u>
Omnicell	\$71,192
Bed Alarm System	\$99,456
X-Ray	\$250,000
Ultrasound	\$50,000
Computerized Tomography	\$500,000
Security Surveillance	\$124,320

- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

**Response:**

The Square Footage Chart has been completed. The construction will be done according to codes including Life Safety and American Institute of Architects for the type of construction. The FSED will be 13,750 sq ft at a cost of approx. \$3,643,750 yields a cost per sq ft of \$265. The amount is between the 1<sup>st</sup> Quartile (\$244.85) and 2<sup>nd</sup> Quartile (\$308.43).

- 5) For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
- a) A general description of the project;
  - b) An estimate of the cost to construct the project;
  - c) A description of the status of the site's suitability for the proposed project; and
  - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

**Response:**

Estimated construction amounts are provided in the letter from an architect on Attachment Section A-4A

## PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1	Architectural and Engineering Fees	\$ -
2	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 40,100.00
3	Acquisition of Site	
4	Preparation of Site	\$ 251,450.00
5	Total Construction Costs	
6	Contingency Fund	
7	Fixed Equipment (Not included in Construction Contract)	\$ 3,201,301.00
8	Moveable Equipment (List all equipment over \$50,000 as separate attachments)	
9	Other (Specify)	
B. Acquisition by gift, donation, or lease:		
1	Facility (inclusive of building and land)	\$ 6,466,493.00
2	Building only	
3	Land only	
4	Equipment (Specify)_	
5	Other (Specify)	
C. Financing Costs and Fees:		
1	Interim Financing	
2	Underwriting Costs	
3	Reserve for One Year's Debt Service	
4	Other (Specify)	
D.	Estimated Project Cost (A+B+C)	\$ 9,959,344.00
E.	CON Filing Fee	\$ 57,267.00
F.	Total Estimated Project Cost (D+E)	
<b>TOTAL</b>		<b>\$ 10,016,611.00</b>

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding *MUST* be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☐ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants – Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other – Identify and document funding from all other sources.

Response:

CFO letters from BMHCC and ROH are provided on Attachment Section B-Economic Feasibility-B

C. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

# HISTORICAL DATA CHART

Total Facility

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in Oct

	Year 2014 24,737	Year 2015 25,802	Year 2016 25,534
A. Utilization Data (Discharges)			
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 1,287,547,625	\$ 1,405,455,909	\$ 1,462,028,719
2. Outpatient Services	\$ 635,596,729	\$ 678,296,168	\$ 738,647,634
3. Emergency Services	\$ 87,259,083	\$ 118,670,517	\$ 145,794,623
4. Other Operating Revenue (Specify) <u>cafeteria, gift shop, etc.</u>	\$ 16,698,984.11	\$ 14,414,575.51	\$ 15,656,892.47
<b>Gross Operating Revenue</b>	<b>\$ 2,027,102,422</b>	<b>\$ 2,216,837,170</b>	<b>\$ 2,362,127,868</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ (1,424,742,936)	\$ (1,596,748,468)	\$ (1,743,428,766)
2. Provision for Charity Care	\$ (54,578,785)	\$ (59,139,434)	\$ (64,583,632)
3. Provisions for Bad Debt	\$ (73,607,837)	\$ (54,911,673)	\$ (60,252,012)
<b>Total Deductions</b>	<b>\$ (1,552,929,558)</b>	<b>\$ (1,710,799,575)</b>	<b>\$ (1,868,264,410)</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 474,172,864</b>	<b>\$ 506,037,595</b>	<b>\$ 493,863,458</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 197,160,371	\$ 188,882,456	\$ 197,897,877
a. Direct Patient Care			
b. Non-Patient Care			
2. Physician's Salaries and Wages			
3. Supplies	\$ 131,176,150.86	\$ 142,906,881.47	\$ 140,904,359.66
4. Rent			
a. Paid to Affiliates	\$ 578,581	\$ 612,571	\$ 625,786
b. Paid to Non-Affiliates	\$ 494,515	\$ 514,337	\$ 594,782
5. Management Fees:			
a. Paid to Affiliates	\$ 77,132,582	\$ 63,216,120	\$ 73,003,980
b. Paid to Non-Affiliates			
6. Other Operating Expenses	\$ 83,535,327	\$ 72,317,160	\$ 75,471,263
<b>Total Operating Expenses</b>	<b>\$ 490,077,526</b>	<b>\$ 468,449,526</b>	<b>\$ 488,498,047</b>
E. Earnings Before Interest, Taxes and Depreciation	\$ (15,904,663)	\$ 37,588,069	\$ 5,365,411
F. Non-Operating Expenses			
1. Taxes	\$ 1,817,757	\$ 1,607,440	\$ 1,549,798
2. Depreciation	\$ 23,276,262	\$ 22,496,920	\$ 20,427,449
3. Interest	\$ 490	\$ 490	
4. Other Non-Operating Expenses	\$ 2,173,517	\$ 2,225,773	\$ 1,685,642
<b>Total Non-Operating Expenses</b>	<b>\$ 27,268,026</b>	<b>\$ 26,330,622</b>	<b>\$ 23,662,889</b>
<b>Non-Operating Revenue</b>	<b>\$ 9,294,916</b>	<b>\$ (2,015,397)</b>	<b>\$ (4,997,378)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (33,877,773)</b>	<b>\$ 9,242,050</b>	<b>\$ (23,294,856)</b>
G. Other Deductions			
1. Annual Principal Debt Repayment	\$ 17,170,000	\$ 1,752,500	\$ 16,925,000
2. Annual Capital Expenditure	\$ 650,464	\$ 530,508	\$ 407,915
<b>Total Other Deductions</b>	<b>\$ 17,820,464</b>	<b>\$ 2,283,008</b>	<b>\$ 17,332,915</b>
<b>NET BALANCE</b>	<b>\$ (51,698,237)</b>	<b>\$ 6,959,042</b>	<b>\$ (40,627,771)</b>
<b>DEPRECIATION</b>	<b>\$ 23,276,262</b>	<b>\$ 22,496,920</b>	<b>\$ 20,427,449</b>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	<b>\$ (28,421,975)</b>	<b>\$ 29,455,962</b>	<b>\$ (20,200,322)</b>

# HISTORICAL DATA CHART-OTHER EXPENSES

Total Facility

## OTHER EXPENSES CATEGORIES

	Year 2014	Year 2015	Year 2016
1 Purchased Svcs	\$ 11,104,823	\$ 10,989,676	\$ 11,136,201
2 Insurance Expense	\$ 255,733	\$ (2,213,111)	\$ 5,003,390
3 Utilities	\$ 5,726,739	\$ 5,574,333	\$ 5,390,043
4 Repairs & Maintenance	\$ 10,332,941	\$ 10,821,077	\$ 11,678,381
5 Loss on Asset Impairment	\$ 10,275,321		
6 Professional Fees	\$ 26,355,046	\$ 29,428,984	\$ 29,811,137
7 Medicaid Assessment	\$ 12,473,573	\$ 12,350,028	\$ 8,259,832
8 Misc	\$ 7,011,151	\$ 5,366,174	\$ 4,192,279
<b>Total Other Expenses</b>	<b>\$ 83,535,327</b>	<b>\$ 72,317,160</b>	<b>\$ 75,471,263</b>

D. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

# PROJECTED DATA CHART

## Project Only

Give information for the last two (2) years following the completion of this proposal. The fiscal year begins in OCT

	Year 1	Year 2
A. Utilization Data (Visits)	6,207	9,248
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services		
3. Emergency Services	\$ 23,652,390	\$ 36,713,711
4. Other Operating Revenue (Specify)_		
<b>Gross Operating Revenue</b>	<b>\$ 23,652,390</b>	<b>\$ 36,713,711</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 14,621,155	\$ 23,342,837
2. Provision for Charity Care	\$ 47,300	\$ 73,418
3. Provisions for Bad Debt	\$ 3,627,802	\$ 5,636,868
<b>Total Deductions</b>	<b>\$ 18,296,256</b>	<b>\$ 29,053,123</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 5,356,134</b>	<b>\$ 7,660,588</b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$ 3,036,433	\$ 3,319,579
b. Non-Patient Care		
2. Physician's Salaries and Wages		
3. Supplies	\$ 803,421	\$ 1,149,088
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	\$ 1,249,881	\$ 1,271,352
5. Management Fees:		
a. Paid to Affiliates	\$ 267,807	\$ 383,029
b. Paid to Non-Affiliates	\$ 88,272	\$ 118,619
6. Other Operating Expenses	\$ 536,681	\$ 546,856
<b>Total Operating Expenses</b>	<b>\$ 5,982,494</b>	<b>\$ 6,788,524</b>
E. Earnings Before Interest, Taxes and Depreciation	\$ (626,360)	\$ 872,064
F. Non-Operating Expenses		
1. Taxes		
2. Depreciation	\$ 382,402	\$ 381,825
3. Interest		
4. Other Non-Operating Expenses		
<b>Total Non-Operating Expenses</b>	<b>\$ 382,402</b>	<b>\$ 381,825</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (1,008,763)</b>	<b>\$ 490,239</b>
G. Other Deductions		
1. Annual Principal Debt Repayment		
2. Annual Capital Expenditure		
<b>Total Other Deductions</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET BALANCE</b>	<b>\$ (1,008,763)</b>	<b>\$ 490,239</b>

DEPRECIATION	\$	382,402	\$	381,825
FREE CASH FLOW (Net Balance + Depreciation)	\$	(626,360)	\$	872,064

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PROJECTED DATA CHART-OTHER EXPENSES

☐ Project Only

OTHER EXPENSES CATEGORIES

	Year	Year
1 Maintenance	\$ 249,976	\$ 254,591
2 Utilities	\$ 259,925	\$ 264,723
3 Operating Expense	\$ 26,780	\$ 27,543
4		
5		
6		
7		
Total Other Expenses	\$ 536,681	\$ 546,856

# **PROJECTED DATA CHART      BMH MEMPHIS**

Give information for the last *three (3)* years for which complete data are available for the facility or agency.  
The fiscal year begins in Oct

	Year 2019	Year 2020
A. Utilization Data (Visits)	26,288	26,964
B. Revenue from Services to Patients		
1. Inpatient Services	\$ 1,535,323,835	\$ 1,574,805,587
2. Outpatient Services	\$ 794,897,460	\$ 799,640,514
3. Emergency Services	\$ 161,010,298	\$ 167,216,926
4. Other Operating Revenue (Specify) <u>cafeteria,</u> <u>gift shop, etc.</u>	\$ 13,352,748.00	\$ 13,352,748.00
<b>Gross Operating Revenue</b>	<b>\$ 2,504,584,341</b>	<b>\$ 2,555,015,775</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ (1,810,128,876)	\$ (1,846,772,355)
2. Provision for Charity Care	\$ (79,719,411)	\$ (81,333,217)
3. Provisions for Bad Debt	\$ (72,245,716)	\$ (73,708,228)
<b>Total Deductions</b>	<b>\$ (1,962,094,003)</b>	<b>\$ (2,001,813,800)</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 542,490,338</b>	<b>\$ 553,201,975</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 200,873,372	\$ 206,038,948
a. Direct Patient Care		
b. Non-Patient Care		
2. Physician's Salaries and Wages		
3. Supplies	\$ 157,108,016	\$ 161,148,141
4. Rent		
a. Paid to Affiliates	\$ 663,549	\$ 676,081
b. Paid to Non-Affiliates	\$ 1,074,579	\$ 1,098,177
5. Management Fees:		
a. Paid to Affiliates	\$ 50,067,107	\$ 51,068,449
b. Paid to Non-Affiliates		
6. Other Operating Expenses	\$ 80,053,748	\$ 81,451,378
<b>Total Operating Expenses</b>	<b>\$ 489,840,371</b>	<b>\$ 501,481,174</b>
E. Earnings Before Interest, Taxes and Depreciation	\$ 52,649,968	\$ 51,720,801
F. Non-Operating Expenses		
1. Taxes	\$ 1,387,028	\$ 1,387,028
2. Depreciation	\$ 21,784,394	\$ 21,784,394
3. Interest		
4. Other Non-Operating Expenses	\$ 44,092	\$ 44,092
<b>Total Non-Operating Expenses</b>	<b>\$ 23,215,514</b>	<b>\$ 23,215,514</b>
<b>Non-Operating Revenue</b>	<b>\$ (5,062,196)</b>	<b>\$ (5,062,196)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 24,372,257</b>	<b>\$ 23,443,090</b>

G. Other Deductions

1. Annual Principal Debt Repayment	\$	5,075,000	\$	-
2. Annual Capital Expenditure	\$	299,391	\$	299,391
<b>Total Other Deductions</b>	\$	5,374,391	\$	299,391
<b>NET BALANCE</b>	\$	18,997,866	\$	23,143,699
<b>DEPRECIATION</b>	\$	21,784,394	\$	21,784,394
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	\$	40,782,261	\$	44,928,093

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**PROJECTED DATA CHART-OTHER EXPENSES - BMH MEMPHIS**

**OTHER EXPENSES CATEGORIES**

	Year 2019		Year 2020	
1 Purchased Svcs	\$	12,796,644	\$	13,180,543
2 Insurance Expense	\$	5,851,164	\$	5,851,164
3 Utilities	\$	5,742,335	\$	5,799,758
4 Repairs & Maintenance	\$	10,608,355	\$	10,926,606
5 Loss on Asset Impairment				
6 Professional Fees	\$	31,902,867	\$	32,540,925
7 Medicaid Assessment	\$	9,967,320	\$	9,967,320
8 Misc	\$	3,185,063	\$	3,185,063
<b>Total Other Expenses</b>	\$	80,053,748	\$	81,451,378

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
<b>Gross Charge</b> ( <i>Gross Operating Revenue/Utilization Data</i> )	N/A	N/A	\$3,810.60	\$3,969.72	4.18%
<b>Deduction from Revenue</b> ( <i>Total Deductions/Utilization Data</i> )	N/A	N/A	\$2,947.68	\$3,141.41	6.57%
<b>Average Net Charge</b> ( <i>Net Operating Revenue/Utilization Data</i> )	N/A	N/A	\$ 862.92	\$ 828.31	-4.01%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

**Response:**

The proposed charges are based on current charges at Baptist Memorial Hospital. The charges include elements specific to the emergency department in addition to revenue from imaging, lab and other services that are typically departmentalized in a hospital. For example, BMH Memphis has a CT and X-ray room within the walls of the Emergency Department. However, the imaging services operate as part of the hospital's radiology department. At the FSED, the imaging services will operate as a component of that facility.

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Response:**

A representative charge schedule is shown below. Charges will not change as a result of this project

CPT Code	Procedure Level	Current Rate	CMS Reimbursement
99281	HC ED LEVEL ONE	\$ 324.00	\$ 56.56\$
99282	HC ED LEVEL TWO	\$ 419.00	\$105.46
99283	HC ED LEVEL THREE	\$ 688.00	\$185.51
99284	HC ED LEVEL FOUR	\$1,919.00	\$312.13
99285	HC ED LEVEL FIVE	\$3,004.00	\$460.69

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide

financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1**. **NOTE: Publicly held entities only need to reference their SEC filings.**

**Response:**

Balance Sheets and Income Statements from both BMH and ROH are provided as Attachment Section B-Economic Feasibility-F1.

The project will provide positive cash flow in year 2 as demonstrated by the Projected Data sheets.

- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	-0.03	0.07	0.01	-0.12	0.11

- 3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

**Response:**

Not Applicable, this project will not require long term debt.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

**Response:**

Please refer to the chart below

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$9,639,244	40.75%
TennCare/Medicaid	\$6,234,296	26.36%
Commercial/Other Managed Care	\$3,298,767	13.95
Self-Pay	\$1,690,728	7.15%
Charity Care	\$47,300	.2%
Other (Specify) <u>Workers Comp. PPO</u>	\$2,742,055	11.59%
Total	\$23,652,390	100%

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

**Response:**

Team Health has the manpower, expertise and other resources necessary to fill the emergency physician staffing needs.

Other FTEs are shown in the chart below.

Arlington		Median	
Title	FTE	TN	BMH
RNs	8.2	\$27.10	\$27.84
Director	1	\$40.54	\$55.25
Respiratory Therapist	3.5	\$23.16	\$28.85
Medical Assistant	3.3	\$13.48	\$14.00
Manager	1	\$37.86	\$37.30
MM Tech	1	\$11.56	\$11.55
Lab Tech	3.2	\$16.81	\$26.50
Ultrasound Tech	3.2	\$23.49	\$28.15
CT Tech	3.3	\$24.45	\$25.50

- I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
  - 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

**Response:**

One option was to initiate plans to enlarge the existing emergency department at BMH Memphis. During the most recent expansion the foot print was extended as far as possible to the north, as well as phased construction was used to minimize disruption in service to patients. Additional construction would be complicated to stage without severe interruption of service.

Another option was to continue efforts to improve work flow in the existing ED. However, there is little if any additional ED capacity that can be created from work flow initiatives. BMH has already obtained as much benefit as can be reasonably expected from work flow measures.

This solution of offering services off campus not only improves access for Baptist patients and prevents future service disruption, but it also involves another community provider in improving access to their patients.

- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

**Response:**

There is little if any additional ED capacity that can be created from work flow initiatives. BMH has already obtained as much benefit as can be reasonably expected from work flow measures.

**SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

**Response:**

The proposed satellite emergency department is being developed and operating under a Joint Operating Agreement between Regional One and Baptist. Relationships with entities throughout the Baptist System and other providers in the community will continue and build on working relationships and have access to other facilities through the county.

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

- 1) **Positive Effects**

**Response:**

BMHM believes this is the efficient and effective solutions to add needed emergency department capacity. It also improves quality by moving services closer to patients.

- 2) **Negative Effects**

**Response:**

Education is a requirement so that patients fully understand that an emergency department and an urgent care center provide different types of care at different costs.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

**Response:**

Team Health has the manpower, expertise and other resources necessary to fill the emergency physician staffing needs. Recruitment difficulties are not anticipated.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

**Response**

A strength of the satellite ED is that the partners in the Joint Operating Agreement, that are BMH and ROH are both established Joint Commission accredited hospital and licensed by the Tennessee Department of Health. Both are knowledgeable and understand the requirements and regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**Response**

Baptist Memorial Health Care Corporation is a strong supporter of educational opportunities throughout the region. Baptist's Philosophy and Mission for the system states that, "... it seeks to ENCOURAGE, GUIDE, and INSTRUCT those individuals entering into professions related to the healing of the body, mind and spirit."

Baptist Memorial College of Health Sciences was chartered in 1994 as a specialized college offering baccalaureate degrees in nursing and in allied health sciences as well as continuing education opportunities for healthcare professionals.

The four year BHS degree includes radiology training in areas of diagnostic medical services, and radiographic technology. BMH will participate to make student learning opportunities available as circumstances allow.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

**Response**

BMH and ROH have reviewed and understand the licensure requirements of the Department of Health and applicable Medicare certification requirements. Both are well versed through operation of large emergency department on their respective campuses.

Licensure:

**Response**

Health Facilities Licensure will be through the existing hospital license

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.):

**Response**

The applicant is both Medicare and TennCare certified.

Accreditation (i.e., Joint Commission, CARF, etc.):

**Response**

Joint Commission accreditation is planned

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

**Response** - A copy of the BMH License is provided as Attachment Orderly Development 4(A)

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

**Response**

The last completed licensure/certification with an approved plan of correction is included as Attachment Orderly Development 4(B).

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

**Response:**

The last completed licensure/certification with an approved plan of correction is included as Attachment Orderly Development 4(A).

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

**Response:**

Not Applicable

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

**Response:**

None

- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

**Response:**

None

- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

**Response:**

None

- 2) Been subjected to any of the following:

- a) Final Order or Judgment in a state licensure action;

**Response**

None

- b) Criminal fines in cases involving a Federal or State health care offense;

**Response**

None

c) Civil monetary penalties in cases involving a Federal or State health care offense;

**Response**

None

d) Administrative monetary penalties in cases involving a Federal or State health care offense;

**Response**

None

e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

**Response**

None

f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

**Response**

None

g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

**Response**

None

h) Is presently subject to a corporate integrity agreement.

**Response**

None

**F. Outstanding Projects:**

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<b><u>Outstanding Projects</u></b>					
<b><u>CON Number</u></b>	<b><u>Project Name</u></b>	<b><u>Date Approved</u></b>	<b><u>*Annual Progress Report(s)</u></b>		<b><u>Expiration Date</u></b>
			<b><u>Due Date</u></b>	<b><u>Date Filed</u></b>	
CN1512-066	Baptist Memorial Hospital Renovate cardiac cath lab	02/24/2016	04/01/2017		4/1/2019

\* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

**Response**

The project report is in process for the HSDA, it is being completed in phases.

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

**Response**

BMH Memphis has CTs, Linear Accelerators, MRIs, and PETs.

- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

**Response**

BMH Memphis received notice of completed submission confirmation from Alecia Craighead on June 24, 2016.

- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

**Response**

BMH Memphis received notice of completed submission confirmation from Alecia Craighead on June 24, 2016.

## **SECTION B: QUALITY MEASURES**

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

**Response**

The applicant will report any necessary quality measures as determined by the agency pertaining to the Certificate of Need.

## **SECTION C: STATE HEALTH PLAN QUESTIONS**

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning> ). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

**Response**

The proposed project is an example of collaboration between two providers in

the Metropolitan area- Baptist Memorial Hospital and Regional One Health. It will place emergency services closer to the patients' residences of both providers in a care setting that is friendly for multiple generations. The location will be equipped to address several levels along the continuum of care. Technology will link resources for chronic disease management in patient episodes requiring immediate attention. At the other end of the continuum, opportunities will encourage community residents and their families to learn and participate to the extent possible in their personal care.

- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

**Response**

Access to emergency medical services in a focused local setting is not restricted by existing health status, employment, income, geography or culture. Access is provided to professional staff sponsoring health services, education and activities that reduce risk and improve health. Convenient access to ED services can improve the care experience and satisfaction with the attention received.

- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

**Response**

The new ED setting will be equipped for diagnosing and effective treating of patients with emergent needs closer to their residences. Economic efficiencies involve reducing the load at existing complex larger main hospitals. Patient delays will be minimized by reduced waiting that is possible by providing space for faster flow of patients through the smaller care setting. Systems improvements that innovatively improve the health care system will result. Collaboration will be encouraged among medical providers without unnecessarily duplicating services.

- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

**Response**

The new ED's telecommunication and electronic health record tools will ensure that patient information is appropriately accessible to providers and that patients can be effectively involved. Medical professionals will work in a setting that supports effective utilization and a high quality of work life.

- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

**Response**

This project includes healthcare professionals who are dedicated to providing emergency services care for multiple generations and are already engaged in providing the services. The proposed ED will provide care in a setting that is comforting to patients and families and effective for professionals. The setting will be accessible to medical, nursing, allied health and educational institutions including the BMH College of Health Sciences.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

### Response

A page from the Commercial Appeal is provided.

## NOTIFICATION REQUIREMENTS

**(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)**

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

## DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

**ESTATE/YARD SALE!**  
1228 Forrest Ave 38104 (Midtown) Saturday 5/6/17 8:00am - 2:00pm. Furniture (dining room with china cabinet, recliner, desk, iron bed-queen size, home decor, small appliances, etc.

#### Merchandise



#### Appliances

**APPLIANCE REPAIR**  
Washers, Dryers, Refrig & Stoves. Also Buy & Sell. Call (901) 949-7476 OR text me, anytime is a good time

**Buy & sell locally!**  
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#### Legal Notices

#### NOTICE OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

Health Services and Development Agency with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Horizon Surgical Treatment Center, to be owned and operated by a limited liability company, intends to file an application for establishment of an ambulatory surgical center with one operating room, at 340 Atoka Road, at a cost estimated for CON purposes

ward for Licensing Health Care Facilities as limited to Endoscopy. The project does not include or discontinue any other health service; and bed complement.

ation is on or before May 12, 2017. John Wellborn, who may be reached at 1400 Road, Suite 210, Nashville, TN 37215;

ies, a local Fact-Finding public hearing shall be held and the results should be sent to:

Health Services and Development Agency  
One Building, 9th Floor  
Adair Street  
Nashville, TN 37243

(A) any health care institution wishing to file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

MC-1805966

**Gold. Doodle+More!**  
**CLOSING OUT PUPPY SALE!**  
**\*COUNTRY KENNELS\***  
9850 E. Holmes-Collierville  
\*901-316-5388\*

**GREAT DEAL!**

#### LABRADOR RETRIEVER PUPPIES

AKC, chocolate and blonde, 8-weeks old, shots & dewormed. Parents on site. \$400 to \$600. Call for pictures. \*256-627-9073\*

#### Legal Notices

#### NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Baptist Memorial Hospital, Hospital owned by: itself with an ownership type of Corporation and to be managed by: itself intends to file an application for a Certificate of Need for: construction and establishment of a satellite Emergency Department to be operated under the license of Baptist Memorial Hospital. The proposed new facility will have 8 treatment rooms and will include various supportive service such as CT, X-Ray and ultra-sound. Baptist Memorial Hospital is located at 6019 Walnut Grove Road, Memphis, Shelby County, Tennessee 38120. The building containing the proposed satellite emergency facility and other community-based health services will be located North of the intersection of Interstate 40 and Airline Road on the east side, in Arlington, TN, 38002. This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required. The total project cost for purposes of the certificate of need application is estimated at \$10,016,611.

The anticipated date of filing the application is: May 15, 2017. The contact person for this project is Arthur Maples Director Regulatory Planning and Policy who may be reached at: Baptist Memorial Health Care Corporation 350 N Humphreys Blvd Memphis TN 38120 901-227-4137

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted.

Written requests for hearing should be sent to:  
Health Services and Development Agency

Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency. HF50 (Revised 01/09/2013 - all forms prior to this date are obsolete)

MC-1606573

#### Apartments - Furnished

**MIDTOWN** - Studios & 1 BRs  
Quiet. Util inc. \$600 & up. No smoke/no pets. 901-276-7472

#### Apartments - Unfurn.

**APPLETREE APTS.**  
2 BR ONLY \$449 / MO.  
(901) 552-5669 EHO  
**MRGAPARTMENTS.COM**

**APTS IN 55 LOCATIONS** -  
www.mrgapartments.com  
Makowsky Ringe  
Greenberg, LLC  
(901) 683-2220

#### Legal Notices

Homes Unfurnished

Apartments - Unfurn.

4D Wednesday, May 10, 2017 The Commercial Appeal

## PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<b>Phase</b>	<b><u>Days Required</u></b>	<b><u>Anticipated Date [Month/Year]</u></b>
1. Initial HSDA decision date		08/2017
2. Architectural and engineering contract signed	5	08/2017
3. Construction documents approved by the Tennessee Department of Health	120	12/2017
4. Construction contract signed	120	12/2017
5. Building permit secured	140	01/2018
6. Site preparation completed	160	02/2018
7. Building construction commenced	160	02/2018
8. Construction 40% complete	250	04/2018
9. Construction 80% complete	370	07/2018
10. Construction 100% complete (approved for occupancy)	450	12/2018
11. *Issuance of License	480	01/2019
12. *Issuance of Service	490	02/2019
13. Final Architectural Certification of Payment	495	02/2019
14. Final Project Report Form submitted (Form HR0055)	540	03/2019

\*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

**NOTE:** If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

**AFFIDAVIT**

MAY 15 '17 PM 4:11

STATE OF TENNESSEE


COUNTY OF SHELBY

GREGORY M. DUCKETT, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

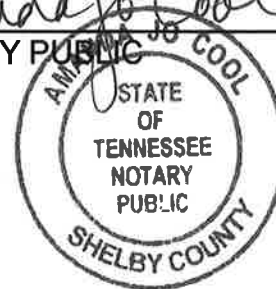
  
SIGNATURE/TITLE

Sworn to and subscribed before me this 12<sup>th</sup> day of May, 2017 a Notary  
(Month) (Year)

Public in and for the County/State of Tennessee.

  
NOTARY PUBLIC

My commission expires 9/16, 2018.  
(Month/Day) (Year)



My Comm. Exp. 09-16-2018

## INDEX OF ATTACHMENTS

Organizational Documentation	Section A-4A
Organizational Chart	Section A-6A
Notice of Intent/Option to Lease	Section A-6
Plot Plan	Section A-6B-1
Floor Plan	Section A-6B-2
Architect Letter	Section A-4A
Chief Financial Officer Letters	Section B-Economic Feasibility-B
Balance Sheet and Income Statements	Section B-Economic Feasibility-F1
License/Joint Commission	Orderly Development 4(A)
State Survey/Inspection	Orderly Development 4(B)
Emergency Department CPT and ESI definitions	

# **Organizational Documentation**

## **Section A-4A**

# ***Restated Charter of Baptist Memorial Hospital***

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Pursuant to the provisions of Section 48-60-106 of the Tennessee Nonprofit Corporation Act, the undersigned corporation adopts the following restated charter:

1. The name of the corporation is Baptist Memorial Hospital.
2. The duration of the corporation is perpetual.
3. The address of the principal office of the corporation in the State of Tennessee shall be 899 Madison Avenue, Memphis, Shelby County, Tennessee 38146.
4. The street address and zip code of the corporation's registered office is:  
899 Madison Avenue  
Memphis, Tennessee 38146
5. The corporation's registered office is located in Shelby County, Tennessee.
6. The name of the corporation's registered agent at that office is Charles R. Baker.
7. The corporation is a public benefit corporation.
8. The corporation is not-for-profit.
9. The purpose or purposes for which the corporation is organized are charitable, educational, religious and scientific, for the general welfare and not-for-profit, and particularly relating to the various aspects of hospital and health care and education, including the prevention of illness and disease and the treatment and care of persons who are ill, infirm or injured, in line with the traditional and ongoing mission of the Baptist churches affiliated through their State Baptist Conventions in Arkansas, Mississippi and Tennessee with the Southern Baptist Convention as now known and practiced among Baptists.
10. The corporation is authorized to establish, maintain and conduct hospitals, clinics, home health care organizations, rehabilitation centers, health maintenance organizations, hospices, nursing homes, nursing and other schools, educational organizations and

related institutions; to acquire, own, lease, manage, operate, conduct, provide services to, affiliate with and generally deal with such organizations, and real and personal property, equipment and materials related thereto, and any other supporting business entities or units, facilities and activities deemed to be appropriate in connection therewith and permitted by the Tennessee Nonprofit Corporation Act, including the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, contributions to which are deductible under Section 170(c)(2) of said Code or corresponding provisions of any future United States internal revenue law. Notwithstanding any other provisions hereof, however, the corporation shall not carry on activities not permitted to be carried on by a corporation exempt under the said Section 501(c)(3) of the Internal Revenue Code, contributions to which are deductible under Section 170(c)(2) of said Code or corresponding provisions of any future United States internal revenue law. No part of any net earnings of the corporation shall inure to the benefit of any private shareholder or individual; and no substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

11. The governing body of the corporation shall be a Board of Directors of not less than 3 nor more than 12 persons, as shall be set out in the bylaws. The directors shall be chosen, and their terms of office and manner of filling vacancies determined, by the sole member, Baptist Memorial Health Care System, Inc., a Tennessee not for profit corporation established under the authority of the said Arkansas, Mississippi and Tennessee Baptist Conventions.

12. In the event of the dissolution of the corporation and after paying or providing for payment of all liabilities of the corporation, the residual assets of the corporation shall be distributed to Baptist Memorial Health Care System, Inc. if at the time it qualifies as an exempt organization under Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986, or corresponding provisions of any future United States internal revenue law. If for any reason Baptist Memorial Health Care System, Inc. shall not then qualify as such exempt organization then the assets shall be distributed equally to and among the said Arkansas, Mississippi and Tennessee Baptist Conventions, provided that they then qualify as exempt organizations

under Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986 or corresponding provisions of any future United States internal revenue law. If for any reason the said Baptist Conventions do not then so qualify for exemption, or otherwise cannot receive such assets, then the assets shall be distributed to one or more organizations as may be selected which do so qualify, for exclusively charitable, educational, religious and/or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or corresponding provisions of any future United States internal revenue law.

Dated: December 10, 1990.

**BAPTIST MEMORIAL HOSPITAL**

By: \_\_\_\_\_  
Joseph H. Powell, President

# ***Bylaws***

## ***of***

### ***Baptist Memorial Hospital***

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#### **CHAPTER I**

**Section 1: *Name.*** The name of this Institution shall be Baptist Memorial Hospital.

**Section 2: *Principal Office.*** The principal office of Baptist Memorial Hospital shall be 899 Madison Avenue, Memphis, Tennessee.

**Section 3: *General Purposes.*** The primary purpose of Baptist Memorial Hospital is to provide hospital and related health services, education, and scientific research in accordance with Christian principles as set out in the Charter of Incorporation, in line with the mission of the sole member, Baptist Memorial Health Care System, Inc.

#### **CHAPTER II**

**Section 1: *Board of Directors.*** The governing body of Baptist Memorial Hospital is its Board of Directors. The Board is responsible for operating the hospital within the scope of authority prescribed by the member. No delegation of authority by the Board of Directors to any other body or group shall preclude the Board from rescinding such delegation.

**Section 2: *Appointment of Directors.*** The Board of Directors of Baptist Memorial Hospital shall consist of twelve (12) persons who shall be appointed and who may be removed with or without cause by the member, Baptist Memorial Health Care System, Inc. Three (3) of the directors shall be residents of Arkansas, three (3) shall be residents of Mississippi, three (3) shall be residents of Tennessee, and three (3) shall be members of the Active Medical Staff of Baptist Memorial Hospital.

**Section 3: *Terms of Office.*** The terms of office of the directors of the Hospital shall be one year, unless otherwise determined by the member.

**Section 4: *Vacancy.*** In the event of the death, resignation or removal of a director, the vacancy shall be filled by the member.

**Section 5: *Quorum.*** A majority of the directors shall constitute a

quorum for the transaction of business. Proxies, in writing to the Chairman or Secretary of the Board of Directors, will be recognized only when such are necessary to form a quorum. The Board of Directors, or any committee thereof, may authorize or take action upon unanimous written consent to the same extent such action could be taken at a regular or special called meeting at which the directors were present in session, in accordance with Tennessee law.

**Section 6: *Meetings.*** The Board of Directors shall hold an annual meeting on the third Tuesday in January, or at such other time as may be fixed by the Board. The general officers of the Board shall be nominated and elected at the annual meeting.

Regular meetings of the Board of Directors will be held in accordance with a schedule to be adopted by the Board.

Special meetings may be called by the Chairman of the Board, the Vice Chairman in his absence, or by any five (5) members of the Board of Directors for the purpose of transacting any business, provided that notice of the time, place and purpose of the special meeting is mailed to the last known address of each director at least five (5) days preceding the date of the special meeting. Such notice may be waived by the directors.

All meetings of the Board of Directors shall be held at the headquarters of the corporation or at other locations when authorized by the Board. The Board and its committees are authorized to hold executive sessions.

### CHAPTER III

**Section 1: *Officers of the Board of Directors.*** The general officers of the Board of Directors shall be a Chairman and three (3) Vice-Chairmen. Each officer shall be a member of the Board of Directors.

**Section 2: *Term of Office.*** The general officers shall serve until the next annual meeting or until their successors are elected and take office.

**Section 3: *Chairman.*** The Chairman shall preside at all meetings of the Board, manifest an interest in the general operations of the hospital and its allied agencies, and perform duties customarily assigned to the Chairman. He shall be an ex-officio member of all committees of the Board.

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**Section 4: *Vice-Chairmen.*** In the event of the absence or disability of the Chairman, a Vice-Chairman shall be designated to carry out his duties.

## CHAPTER IV

**Section 1: *Committees of the Board.*** The Board of Directors may authorize the formation of committees consisting of two or more persons, and may delegate appropriate authority to such committees as permitted under the Tennessee Nonprofit Corporation Act. In forming such committees, the Board shall give title to them, specify the qualifications for membership, prescribe the procedure for appointment and outline the duties and responsibilities thereof. The committees so formed shall be described in administrative regulations of the hospital.

**Section 2: *Administrative Regulations.*** The Board of Directors shall adopt Administrative Regulations. These shall exist in complementary manner to the Charter and Bylaws for the purpose of guiding the Board of Directors, its committees, and the President of the hospital in the implementation of their duties and responsibilities. The particular provisions shall derive from the Charter and Bylaws of the Baptist Memorial Health Care System, Inc., the Charter and Bylaws of Baptist Memorial Hospital, and actions and interpretations by the Board of Directors of the Hospital.

**Section 3: *President.*** The member shall appoint the President of Baptist Memorial Hospital. The President shall be the chief executive officer of the Hospital. The President shall have the necessary authority and responsibility for the management of the Hospital in its various activities and for the carrying out of the policies and resolutions of the Board. The President shall facilitate communications between the Hospital (governing body, administration, medical staff) and other health care delivery organizations that are corporately and functionally related.

The President shall periodically develop and submit to the Board or its authorized committee(s) plans and/or reports respecting hospital operations, personnel and corporate organization, professional services, budgets and financial information, communications with related health care delivery organizations, together with such other reports as the Board requests. In addition to the authority to select, employ, determine the compensation of and discharge hospital personnel generally, and to establish personnel policies and practices, the President is further authorized to select, employ, and discharge such Vice-Presidents, a corporate Secretary, and other administrative officers as he deems necessary or appropriate to assist in carrying out his duties. The President shall cause minutes of the meetings of the Board of Directors to be prepared and maintained on file as the Board may direct.

The President shall be guided by the principle that it is not in the best interest of the hospital to do business with business organizations in which a member of the Board of Directors, administrative staff or department head may have a substantial interest; or employ relatives (immediate families) of members of the Board of Directors, administrative staff and department heads. Exceptions may be made by express approval of the Board of Directors.

Section 4: *Auxiliaries*. In the formation of any auxiliary groups, the Board of Directors shall approve the purposes and bylaws of these groups in order to assure the consistency of the existence of these groups with the purposes of the hospital.

#### CHAPTER V

Section 1: *Funds*. The funds of the hospital shall be maintained in such accounts as deemed appropriate by the Board of Directors. Authorization for withdrawal of funds from these accounts shall be signed by two persons who shall be employees of the hospital who have been designated for this purpose by the Board of Directors.

Section 2: *Gifts*. Except where the hospital has agreed to accept a gift for a restricted purpose, all gifts shall be deemed to have been received for the purpose of the general development of the hospital.

Section 3: *Audit*. The Board of Directors shall name an audit firm whose duties shall include the making of an audit each year as of September 30th. Any State Convention desiring an additional audit may make such audit at its own expense.

Section 4: *Agents*. The Board of Directors is authorized to employ such agents as it deems appropriate.

Section 5: *Long Term Debt*. The Hospital shall not incur long term debt without the approval of the member.

#### CHAPTER VI

Section 1: *Medical Staff*. The Board of Directors shall cause to be named a Medical Staff of the hospital, and approve the organization of the Medical Staff. The Medical Staff organization functions as an integral part of the hospital corporation. Through its department chairmen, committees and officers, the Medical Staff is accountable and responsible to the Board of Directors for the discharge of those duties and responsibilities delegated to it by the Board, including the quality of medical care practiced in the hospital. With respect to the quality of medical care and other pertinent matters, the Board of Directors shall meet regularly (at least quarterly) with representatives

of the Medical Staff Executive Committee (generally the President, Secretary, and Chief of Staff, or others designated by the President of the Medical Staff) for appropriate communications and to receive recommendations and reports pertaining to Medical Staff functions and responsibilities. In addition, the Board of Directors may establish committees consisting of directors, members of the medical staff, and members of the administrative staff to perform designated duties outlined in the Medical Staff Constitution and Bylaws and the Hospital Bylaws, and to facilitate further communication between the Board, the Medical Staff, and Administration as indicated on matters of mutual interest.

The Medical Staff is responsible to the Board of Directors for the development, adoption, and periodic review of a Constitution and Bylaws of the Medical Staff to include procedures and requirements for medical staff appointment, advancement, credentialing, discipline, organization, and other functions. The Constitution and Bylaws of the Medical Staff and any changes therein shall require approval of the Board of Directors before becoming official. In all events the Board of Directors as the governing body shall have final authority in determining the staff appointment and privileges granted to practitioners and in this capacity shall be the final authority respecting the appeal procedure. The Board specifically reserves the authority to take any direct action it deems appropriate with respect to the right to practice or exercise privileges in the hospital. Action taken by the Board in such cases may, but need not, follow the procedures outlined in the Constitution and Bylaws of the Medical Staff; however, any Board action based upon competence or professional conduct that would result in a reduction of clinical privileges, suspension of clinical privileges (except for a period of up to 14 days for investigative purposes), revocation of staff appointment or denial of reappointment shall entitle the affected practitioner to a hearing and appeal as outlined in the Constitution and Bylaws of the Medical Staff except that members of the hearing body shall be appointed by the Chairman of the Board and may consist entirely of directors.

The hospital has the authority to enter into contracts or employment relations with physicians for the performance of certain services, including exclusive contracts for medical services when deemed to be appropriate. All physicians functioning pursuant to such contracts or employment relationships shall obtain and maintain Medical Staff appointment and the pertinent clinical privileges necessary to perform the particular services, which shall be processed as described in the Constitution and Bylaws of the Medical Staff. If a question arises

concerning clinical competence or clinical privileges during the term of the contract, that question shall be processed in the same manner as would pertain to any other Medical Staff appointee. If a modification of privileges or appointment resulting from such action is sufficient to prevent the physician from adequately performing his contractual duties, the contract shall automatically terminate. Clinical privileges or medical staff appointment resulting from a contract or employment arrangement shall be valid only during the term thereof. In the event that the contract or employment arrangement expires or is terminated, the clinical privileges and Medical Staff appointment resulting from the contract or employment shall automatically expire at the time the contract or employment expires or terminates. This expiration of clinical privileges and Medical Staff appointment or the termination or expiration of the contract itself, shall not entitle the physician to any hearing or appeal, unless there is a specific provision to the contrary in the contract. In the event that only a portion of the physician's clinical privileges are covered by the contract or employment, only that portion shall be affected by the expiration or termination of the contract or employment. Specific contractual or employment terms shall in all cases be controlling in the event that they conflict with provisions of the Constitution and Bylaws of the Medical Staff.

**Section 2: *Quality and Risk Management.*** The Board of Directors shall cause to be developed and shall support quality and risk management functions for the hospital. Responsibility for the conduct of these functions is delegated to the Medical Staff and the President of the Hospital. Each level of the organization (e.g. medical staff, nursing, clinical support services, etc.) is responsible and accountable to the Board of Directors for the quality of care provided within its respective range of services and/or clinical privileges through established reporting relationships. Monitoring and evaluation of the quality of patient care and of risks of patient injury associated with care shall be performed and reported to the Board through the hospital-wide quality and risk management programs.

## CHAPTER VII

**Section 1: *Amendments to Bylaws.*** These bylaws may be amended in accordance with the provisions of the Tennessee Nonprofit Corporation Act, and with approval of the member.

**Section 2: *Miscellaneous.*** Pronouns of any gender used herein shall include the other genders.



Tre Hargett  
Secretary of State

**Division of Business Services**  
**Department of State**  
**State of Tennessee**  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

## Filing Information

Name: **BAPTIST MEMORIAL HOSPITAL**

### General Information

<b>SOS Control #</b>	<b>000059948</b>	<b>Formation Locale:</b>	<b>TENNESSEE</b>
<b>Filing Type:</b>	<b>Nonprofit Corporation - Domestic</b>	<b>Date Formed:</b>	<b>03/29/1924</b>
	<b>03/29/1924 4:30 PM</b>	<b>Fiscal Year Close</b>	<b>9</b>
<b>Status:</b>	<b>Active</b>		
<b>Duration Term:</b>	<b>Perpetual</b>		
<b>Public/Mutual Benefit:</b>	<b>Public</b>		

### Registered Agent Address

GREG DUCKETT  
350 N HUMPHREYS BLVD  
MEMPHIS, TN 38120-2177

### Principal Address

350 N HUMPHREYS BLVD  
MEMPHIS, TN 38120-2177

The following document(s) was/were filed in this office on the date(s) indicated below:

<b>Date Filed</b>	<b>Filing Description</b>	<b>Image #</b>
11/21/2016	2016 Annual Report	B0317-0110
	Principal Address 1 Changed From: 6019 WALNUT GROVE RD To: 350 N HUMPHREYS BLVD	
	Principal Postal Code Changed From: 38120-2113 To: 38120-2177	
10/12/2016	Assumed Name	B0307-4667
	New Assumed Name Changed From: No Value To: Baptist Memorial Medical Education	
02/01/2016	2015 Annual Report	B0192-0840
01/25/2016	Assumed Name	B0182-6847
	New Assumed Name Changed From: No Value To: Spence and Becky Wilson Baptist Children's Hospital	
08/07/2015	Assumed Name Cancellation	B0139-0864
	Name Status Changed From: Active (Baptist Gastrointestinal Specialists Surgery Center) To: Inactive - Name Cancelled (Baptist Gastrointestinal Specialists Surgery Center)	
06/26/2015	Assumed Name Renewal	B0114-8165
	Assumed Name Changed From: BAPTIST MEMORIAL HOSPITAL-MEMPHIS To: BAPTIST MEMORIAL HOSPITAL -MEMPHIS	
	Expiration Date Changed From: 08/09/2015 To: 06/26/2020	
06/26/2015	Assumed Name Renewal	B0114-8168
	Assumed Name Changed From: BAPTIST MEMORIAL HOSPITAL-COLLIERVILLE To: BAPTIST MEMORIAL HOSPITAL-COLLIERVILLE	

1/27/2017 4:47:24 PM

Page 1 of 4

## Filing Information

Name: **BAPTIST MEMORIAL HOSPITAL**

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Expiration Date Changed From: 08/09/2015 To: 06/26/2020

09/24/2014 2014 Annual Report B0008-6092

11/22/2013 2013 Annual Report 7251-3017

09/20/2013 Assumed Name Renewal 7242-1057

Assumed Name Changed From: BAPTIST MEMORIAL HOSPITAL FOR WOMEN To: BAPTIST MEMORIAL HOSPITAL FOR WOMEN

Expiration Date Changed From: 10/09/2013 To: 09/20/2018

01/15/2013 Assumed Name Cancellation 7131-3150

Name Status Changed From: Active (BMH-MEMPHIS) To: Inactive - Name Cancelled (BMH-MEMPHIS)

01/15/2013 Assumed Name Cancellation 7131-3151

Name Status Changed From: Active (BMH-COLLIERVILLE) To: Inactive - Name Cancelled (BMH-COLLIERVILLE)

01/15/2013 Assumed Name 7131-3152

New Assumed Name Changed From: No Value To: Baptist Gastrointestinal Specialists Surgery Center

10/12/2012 2012 Annual Report 7103-0880

Principal Postal Code Changed From: 38120 To: 38120-2113

09/23/2011 2011 Annual Report 6941-2675

10/15/2010 2010 Annual Report 6782-2906

08/09/2010 Assumed Name Renewal 6753-2741

Assumed Name Changed From: BAPTIST MEMORIAL HOSPITAL-MEMPHIS To: BAPTIST MEMORIAL HOSPITAL -MEMPHIS

Expiration Date Changed From: 08/09/2010 To: 08/09/2015

08/09/2010 Assumed Name Renewal 6753-2742

Assumed Name Changed From: BAPTIST MEMORIAL HOSPITAL-COLLIERVILLE To: BAPTIST MEMORIAL HOSPITAL-COLLIERVILLE

Expiration Date Changed From: 08/09/2010 To: 08/09/2015

08/09/2010 Assumed Name Renewal 6753-2743

Assumed Name Changed From: BMH-MEMPHIS To: BMH-MEMPHIS

Expiration Date Changed From: 08/09/2010 To: 08/09/2015

08/09/2010 Assumed Name Renewal 6753-2744

Assumed Name Changed From: BMH-COLLIERVILLE To: BMH-COLLIERVILLE

Expiration Date Changed From: 08/09/2010 To: 08/09/2015

10/20/2009 2009 Annual Report 6613-2030

11/07/2008 Assumed Name Change 6397-2378

10/23/2008 2008 Annual Report 6391-2716

10/09/2008 Assumed Name 6388-1626

08/08/2008 Merger 6361-0663

Merged Control # Changed From: 000407601

## Filing Information

Name: **BAPTIST MEMORIAL HOSPITAL**

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Merged Control # Changed From: 000059948

10/24/2007 2007 Annual Report	6150-0963
11/20/2006 2006 Annual Report	5892-0832
10/19/2005 2005 Annual Report	5587-0994
08/09/2005 Assumed Name	5529-0246
08/09/2005 Assumed Name	5529-0247
08/09/2005 Assumed Name	5529-0248
08/09/2005 Assumed Name	5529-0249
12/01/2004 2004 Annual Report	5291-1455
10/01/2003 2003 Annual Report	4924-0462
12/17/2002 2002 Annual Report	4677-0263

Principal Address Changed

Registered Agent Physical Address Changed

07/31/2002 Administrative Amendment	4565-1576
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Mail Address Changed

01/16/2002 2001 Annual Report	4395-2163
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Mail Address Changed

12/29/2000 2000 Annual Report	4074-1546
-------------------------------	-----------

Registered Agent Changed

11/10/1999 CMS Annual Report Update	3764-3500
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Principal Address Changed

06/06/1997 Merger	3346-2343
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Merged Control # Changed From: 000059948

Merged Control # Changed From: 000139755

10/11/1996 Amended and Restated Formation Documents	3228-1590
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Registered Agent Changed

09/28/1995 Articles of Amendment	3059-1360
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03/14/1995 CMS Annual Report Update	2974-1046
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Fiscal Year Close Changed

02/02/1991 Administrative Amendment	FYC/REVENUE
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Fiscal Year Close Changed

01/07/1991 Restated Formation Documents	2030-0514
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Registered Agent Physical Address Changed

01/04/1991 Administrative Amendment	2026-1921
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Fiscal Year Close Changed

## Filing Information

Name: **BAPTIST MEMORIAL HOSPITAL**

06/16/1990	Administrative Amendment	FYC/REVENUE
	Fiscal Year Close Changed	
08/03/1982	Articles of Amendment	307 01007
	Name Changed	
	Principal Address Changed	
07/30/1982	Restated Formation Documents	307 01007
03/29/1924	Initial Filing	BB02P0123

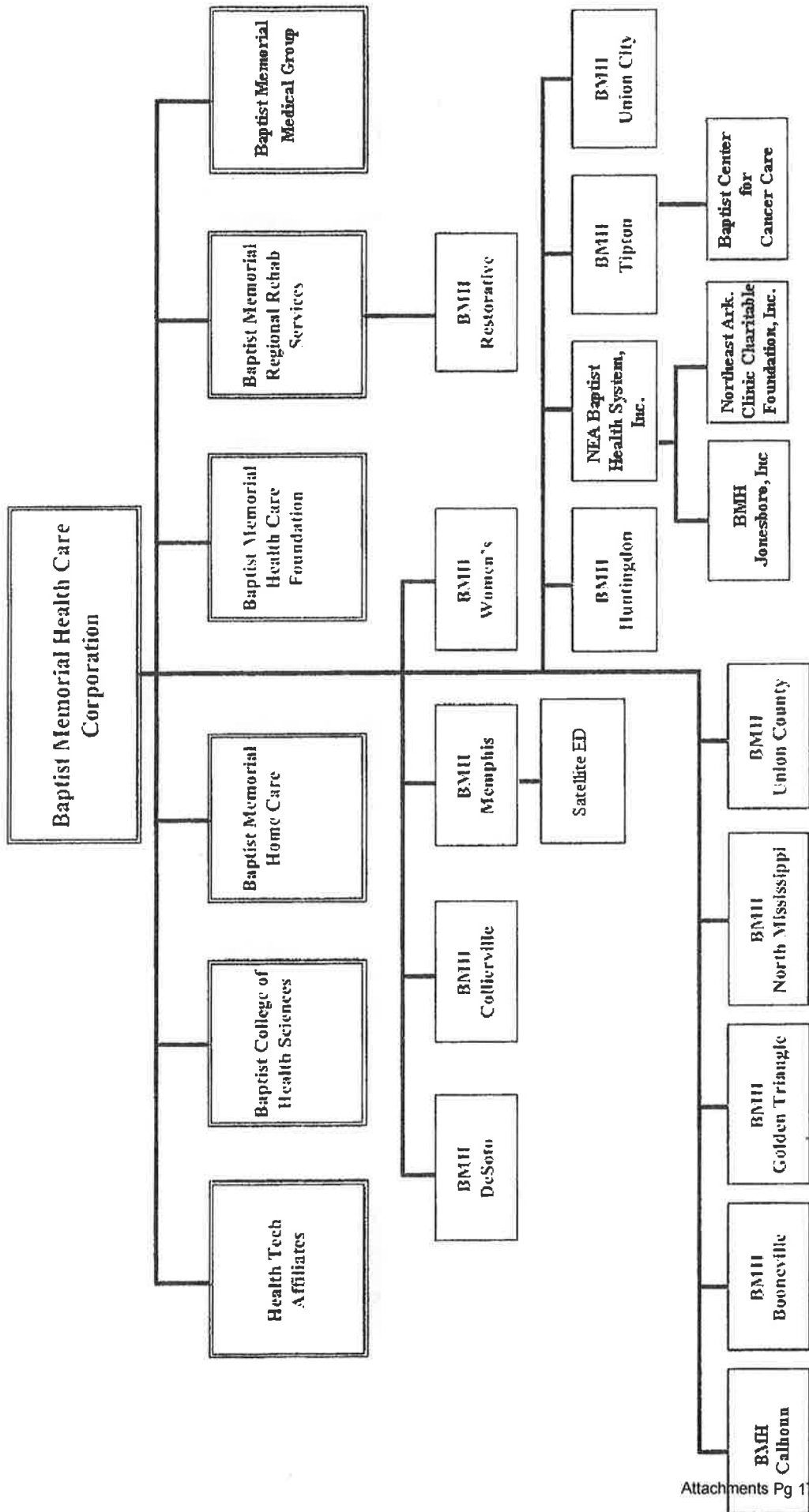
### Active Assumed Names (if any)

	Date	Expires
Baptist Memorial Medical Education	10/12/2016	10/12/2021
Spence and Becky Wilson Baptist Children's Hospital	01/25/2016	01/25/2021
BAPTIST MEMORIAL HOSPITAL-MEMPHIS	08/09/2005	06/26/2020
BAPTIST MEMORIAL HOSPITAL-COLLIERVILLE	08/09/2005	06/26/2020
BAPTIST MEMORIAL HOSPITAL FOR WOMEN	10/09/2008	09/20/2018

# **Organizational Chart**

## **Section A-6A**

**Baptist Memorial Health Care System  
Memphis, Tennessee**



# **Notice of Intent/Option to Lease**

## **Section A-6**

# CHEYENNE JOHNSON

## Assessor of Property

**Property Location and Owner Information**

Parcel ID: A0152 00257

Property Address: 0 AIRLINE RD

Municipal Jurisdiction: ARLINGTON

Neighborhood Number: 00407A51

Tax Map Page: 77

Land Square Footage:

Acres: 85.0590

Lot Dimensions:

Subdivision Name:

Subdivision Lot Number:

Plat Book and Page:

Number of 0

Improvements:

Owner Name: BAPTIST MEMORIAL HEALTH CARE  
CORP

In Care Of:

Owner Address: 350 N HUMHREYS BLVD

Owner City State Zip: MEMPHIS, TN 38120

**2016 Appraisal and Assessment Information**

Class: COMMERCIAL

Land Appraisal: \$ 8,521,900

Building Appraisal: \$ 0

Total Appraisal: \$ 8,521,900

Total Assessment: \$ 3,408,760

Greenbelt Land: \$ 170,800

Homesite Land: \$ 0

Homesite Building: \$ 0

Greenbelt Appraisal: \$ 170,800

Greenbelt Assessment: \$ 42,700

[Click Here for 2015 Values](#)[View: Assessor's GIS Map](#)[View: GIS Parcel Map](#)**Dwelling Construction Information**

Stories:

Heat:

Exterior Walls:

Fuel:

Land Use: VACANT LAND

Heating System:

Year Built:

Total Rooms:

Fireplace Masonry:

Bedrooms:

Fireplace Pre-Fab:

Bathrooms:

Half Baths:

Ground Floor Area:

Basement Type:

Total Living Area:

Car Parking:

**Other Buildings on Site for this Property****See Permits Filed for this Property****See Sales Data for this Property**

**Disclaimer:** The information presented on this web site is based on the inventory of real property found within the jurisdiction of the county of Shelby in the State of Tennessee. Shelby County assumes no legal responsibility for the information contained within this web site. This is not a bill and does not serve as a notice or invoice for payment of taxes nor does it replace scheduled notices mailed to property owners.

**Tom Leatherwood** Shelby County Register of Deeds



TOM LEATHERWOOD, REGISTER OF DEEDS, SHELBY COUNTY, TN COPYRIGHT 2017

Hosted by [GEO Powered | GEO-Jobs GIS Consulting](#)

38,882,398

Trammell Crow Company

January 24, 2017

Zach Chandler  
Executive Vice President - CSO  
Baptist Memorial Healthcare Corporation  
350 North Humphreys Blvd.  
Memphis, TN 38120

Dear Zach:

Trammell Crow Company is pleased to present the enclosed Letter of Intent to develop a proposed Free Standing Emergency Departments in the Memphis Metropolitan Market (the "Project") for Baptist Memorial Healthcare Corporation ("BMHM"). On behalf of Trammell Crow Company ("TCC"), we appreciate your consideration for this important project and the opportunity to partner with BMHM.

Backed by the national resources of TCC and our parent company, CBRE, we offer specialized healthcare real estate staff with strong local market knowledge. We understand the importance of delivering the Projects quickly and cost effectively and have the expertise and resources to mobilize immediately to bring these Projects to fruition. The critical schedule element at this time will be the submission of the Certificate of Need Application. We will work with BMHM in a collaborative manner to submit the CON Application and then finalize the definitive agreements between the parties. Based on our experience, we have assembled a best-in-class team with expertise in developing free standing EDs to service the unique need of this project. We will work in close collaboration with the health system and all parties to ensure the Project meets BMHM's goals and objectives.

TCC/CBRE has a proven record as a strong partner with healthcare systems by way of long term relationships. The majority of our development has been completed in an "open book" basis, which the Projects require at this preliminary stage of development. We understand that speed to market is of critical importance and that no project is successful without a continuous focus on cost efficiency, quality and the operational considerations that are required by health systems. Each of our developments are structured to meet the unique objectives and requirements of our clients. On behalf of TCC, thank you for the opportunity to propose on this important project.

Sincerely,

*Chen Clarke Bayle*

Cheri Clarke Doyle  
Senior Vice President  
Trammell Crow Company

## **Baptist Memorial Hospital Memphis – Freestanding Emergency Department Project**

### **Letter-of-Intent between**

**TC Northeast Metro Development, Inc. and Baptist Memorial Health Care Corporation**  
**January 24, 2017**

TC Northeast Metro Development, Inc., a wholly owned subsidiary of Trammell Crow Company ("TCC"), is pleased to submit this letter-of-intent setting forth the general terms and conditions pursuant to which TCC will work with Baptist Memorial Health Memphis ("BMHM") and on an exclusive basis to develop a Freestanding Emergency Department Project(s) (the "Project") located north of the intersection of 140 and Airline Road in Arlington, Tennessee.

### **PROJECT PROPOSAL**

**Project Overview:** The Project(s) will be a "Class A" Freestanding Emergency Department Buildings.

The project, will be approximately 13,750 square feet and will be located. TCC will enter into a Ground Lease with the current owner.

**Developer  
Responsibilities:**

TCC will:

- Enter into a Prepaid Ground Lease with a term of seventy years plus two ten year extension options. Closing on the land lease will be conditioned on satisfactory review of all due diligence items, receipt of all approvals and execution of a Lease with Baptist Memorial Health Care Corporation (BMHCC).
- Provide required preliminary sites drawings, plans, budgets and schedules to support BMHM in the submission of the CON Application.
- Hire and coordinate the design team to finalize building plans and specifications required for final construction pricing and to be used as exhibits for the Lease Agreement.
- Obtain all necessary governmental approvals for the development of the Project.
- Finalize the development budget and project schedule in collaboration with, and approval by, BMHM.

**BMHM**

BMHM's parent organization, Baptist Memorial Health Care Corporation ("BMHCC") is owner of the site. BMHCC will enter into a ground lease with

**Responsibilities:**

TCC as described above.

BMHM will cooperate and work collaboratively with TCC to timely secure all entitlements and other governmental approvals necessary for the development of the Project.

**LEASE TERMS****Tenant:**

BMHM

**Landlord:**

TCC, or affiliate or assignee

**Premises:**

Approximately 13,750 square feet for the Arlington lease

**Commencement  
Date:**

Upon substantial completion of the Building and Tenant Improvements.

**Initial Term:**

Twelve years

**Base Rent / Buy  
Back**

The Base Rent for the first year is projected to be \$34.09 per square foot.

We recognize that TBHC may want to own the ED in the future so we will provide BMHM an option to purchase the building twelve (12) years after lease commencement as well as providing a first right of offer to BMHM should the Landlord decide to sell the building anytime during the Master Lease term. In the event that BMHM purchases the building, the ground lease would be extinguished and BMHM would own the land and the building.

**Rental Basis:**

The Base Rent is quoted on a Net basis ("NNN").

**Escalation:**

The rent escalation shall be two and one-half percent (2.5%) per annum.

**GENERAL TERMS****Definitive  
Documents:**

The proposed transaction contemplates the following documents (the "Transaction Documents"), all of which shall contain terms and conditions mutually satisfactory to BMHM and TCC:

- A Reimbursement Agreement to cover costs expended by TCC/CBRE prior to closing on the Arlington property.
- A ground lease from BMHCC to TCC as described above.

- Lease Agreements pursuant to which BMHM leases the Premises as described above.

**Non-Binding:**

Other than the immediately preceding paragraph regarding Reimbursement Agreement, neither party hereto shall be bound in connection with the proposed transaction until formal written documentation, containing terms and conditions mutually satisfactory to BMHM and TCC, is fully executed and delivered.

Baptist Memorial Health Care Corporation

By: 

Name: Paul Chandler

Title: EVF-CEO

TC NE Metro Development, Inc.

By: 

Name: Jeffrey T. Goggins

Title: President



BAPTIST MEMORIAL HEALTH CARE CORPORATION

Cheri Clarke Doyle, Senior Vice President  
Trammell Crow Company  
300 Conshohocken State Road, Suite 250  
West Conshohocken, PA 19428

Re: Letter of Intent for Ground Lease of Property in Arlington, TN, on Airline Road

Dear Cheri:

This letter will confirm the intent of parties to enter into a prepaid ground lease pursuant to which Baptist Memorial Health Care Corporation ("BMHCC") will lease to TC Northeast Metro Development, Inc., ("TC") a portion of the property currently owned by BMHCC on Airline Road in Arlington, TN, subject to the terms as follows:

- The parcel to be leased to TC is the property associated with the proposed emergency department facility to be operated as part of Baptist Memorial Hospital, as more fully described in the Letter of Intent between TC and BMHCC for development of the emergency department facility dated January 24, 2017.
- The term of the prepaid ground lease will be seventy (70) years plus two (2) ten (10) year extension options.
- The consideration payable by TC to BMHCC for the prepaid ground lease will be one dollar (\$1.00) per year.
- The obligations of the parties to this Letter of Intent are subject to agreement on mutually acceptable terms of a definitive lease agreement and satisfaction of the terms and conditions set forth in the Letter of Intent dated January 24, 2017, described above.

This Letter of Intent is effective as of January 27, 2017, and will continue until the terms and conditions described above have been satisfied or until the parties determine that the terms and conditions cannot be satisfied.

Baptist Memorial Health Care Corporation

By: [Signature]  
Its: EVPCSO  
Date: 1/30/17

TC NE Metro Development, Inc.

By: [Signature]  
Its: President  
Date: 1-30-17

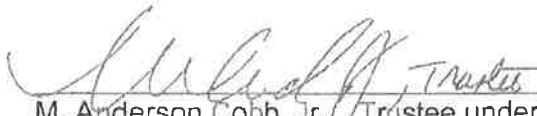
QUITCLAIM DEED

KNOW ALL PERSONS BY THESE PRESENTS, That M. Anderson Cobb, Jr., Trustee under Trust Agreement dated July 14, 2006, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, does hereby bargain, sell, remise, release, quit claim and convey unto Baptist Memorial Health Care Corporation, a Tennessee not-for-profit corporation, party of the second part, all his right, title and interest in and to the following described real estate located in Shelby County, Tennessee, to-wit:

SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

Being the same property conveyed to M. Anderson Cobb, Jr., Trustee, under Trust Agreement dated July 14, 2006, by Warranty Deed of record at Instrument No. 06111889 in the Register's Office of Shelby County, Tennessee.

IN TESTIMONY WHEREOF, party of the first part has hereunto set his hand this 20<sup>th</sup> day of December, 2006.

  
M. Anderson Cobb, Jr. Trustee under  
Trust Agreement dated July 14, 2006

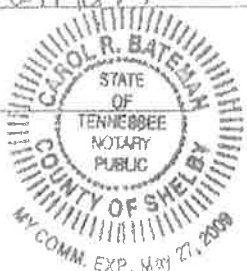
State of Tennessee  
County of Shelby

Personally appeared before me, the undersigned, a Notary Public of said County and State, M. Anderson Cobb, Jr. whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand and Notarial Seal at office this 20<sup>th</sup> day of December, 2006.

  
Notary Public

My Commission Expires:



I hereby swear or affirm that to the best of affiant's knowledge, information, and belief, the actual consideration for this transfer is less than \$50.00.

[Signature]  
Affiant

Subscribed and sworn to before me this 20<sup>th</sup> day of December, 2006.

[Signature]  
Notary Public

My Commission Expires: \_\_\_\_\_



Property known as:

NE Corner of Airline Road and I-40  
Arlington, TN

Tax Parcel Identification:

AD01-5200-2240

Property Owner:

Baptist Memorial Health Care Corporation  
350 N. Humphreys Blvd.  
Memphis, TN 38120

Mail Tax Bills To:

Baptist Memorial Health Care Corporation  
350 N. Humphreys Blvd.  
Memphis, TN 38120

Prepared by and return to:

Harris Shelton Hanover Walsh, P.L.L.C.  
M. Anderson Cobb, Jr.  
6060 Poplar Ave., Suite 450  
Memphis, TN 38119


EXHIBIT A

COMMENCING AT A FOUND COTTON PICKER SPINDLE IN THE CENTER LINE OF AIRLINE ROAD (RIGHT-OF-WAY VARIES), SAID SPINDLE BEING LOCATED NORTHWARDLY ALONG SAID CENTER LINE A DISTANCE OF 3,075.94 FEET FROM THE NORTH LINE OF INTERSTATE 40 (RIGHT-OF-WAY VARIES), SAID SPINDLE ALSO BEING THE SOUTHWEST CORNER OF THE CHRISTOPHER MONTESI PROPERTY AS RECORDED IN INSTRUMENT NUMBER 02209380 AND THE NORTHWEST CORNER OF THE BELZ/HYNEMAN LP PROPERTY AS RECORDED IN INSTRUMENT NUMBERS KG 9227 AND KH 3765 IN SAID REGISTER'S OFFICE; THENCE SOUTH 03 DEGREES 28 MINUTES 25 SECONDS WEST ALONG SAID CENTERLINE OF AIRLINE ROAD A DISTANCE OF 1259.87 FEET TO THE POINT OF BEGINNING FOR THE PROPERTY DESCRIBED HEREIN; THENCE LEAVING SAID CENTERLINE ON A NEW LINE SOUTH 86 DEGREES 30 MINUTES 29 SECONDS EAST A DISTANCE OF 617.95 FEET TO A POINT; THENCE NORTH 31 DEGREES 02 MINUTES 12 SECONDS EAST A DISTANCE OF 89.28 FEET TO A POINT; THENCE NORTH 4 DEGREES 36 MINUTES 44 SECONDS EAST A DISTANCE OF 167.75 FEET TO A POINT; THENCE SOUTH 86 DEGREES 31 MINUTES 35 SECONDS EAST FOR A DISTANCE OF 2311.38 FEET TO A POINT IN THE EAST LINE OF SAID BELZ INVESTCO GP AND UNION REALTY COMPANY GP (PARCEL "A") PROPERTY, BEING THE WEST LINE OF THE RICHARD G. WILSON REVOCABLE TRUST PROPERTY AS RECORDED IN INSTRUMENT NUMBER HB 1831 IN SAID REGISTER'S OFFICE; THENCE SOUTH 04 DEGREES 04 MINUTES 42 SECONDS WEST ALONG THE WEST LINE OF SAID WILSON PROPERTY A DISTANCE OF 538.16 FEET TO A POINT ON THE NORTH LINE OF INTERSTATE 40, RIGHT-OF-WAY MONUMENT FOUND 0.4 FEET SOUTHEASTWARDLY; THENCE SOUTH 59 DEGREES 43 MINUTES 38 SECONDS WEST ALONG THE NORTH LINE OF SAID INTERSTATE A DISTANCE OF 1,246.77 FEET TO A FOUND RIGHT-OF-WAY MONUMENT; THENCE SOUTH 64 DEGREES 50 MINUTES 07 SECONDS WEST ALONG SAID NORTH LINE A DISTANCE OF 753.72 FEET TO A POINT; THENCE SOUTH 68 DEGREES 06 MINUTES 01 SECONDS WEST A MEASURED DISTANCE OF 213.64 FEET (CALLED, 248.48') TO A POINT ON SAID NORTH LINE, SAID POINT ALSO BEING THE NORTHWEST CORNER OF THE BOND ENTERPRISES PROPERTY AS RECORDED IN INSTRUMENT NUMBER G1 6597 IN SAID REGISTER'S OFFICE; THENCE NORTH 86 DEGREES 35 MINUTES 44 SECONDS WEST ALONG THE NORTH LINE OF SAID ENTERPRISES PROPERTY AND AN EXTENSION THEREOF A MEASURED DISTANCE OF 782.27 FEET (CALLED, 733.17') TO A POINT ON THE EAST LINE OF SAID AIRLINE ROAD; THENCE NORTH 30 DEGREES 44 MINUTES 35 SECONDS WEST ALONG SAID EAST LINE A MEASURED DISTANCE OF 122.32 FEET (CALLED 153.82') TO A POINT; THENCE NORTHWESTWARDLY ALONG SAID EAST LINE, ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 716.51 FEET, A CHORD BEARING AND DISTANCE OF NORTH 13 DEGREES 38 MINUTES 05 SECONDS WEST - 421.56 FEET AND AN ARC LENGTH OF 427.89 FEET TO A POINT ON SAID EAST LINE; THENCE NORTH 03 DEGREES 28 MINUTES 25 SECONDS EAST AND CONTINUING ALONG SAID EAST LINE A DISTANCE OF 314.87 FEET TO A POINT; THENCE NORTH 86 DEGREES 31 MINUTES 35 SECONDS WEST A DISTANCE OF 102.00 FEET TO A POINT ON THE CENTER LINE OF SAID AIRLINE ROAD; THENCE NORTH 03 DEGREES 28 MINUTES 25 SECONDS EAST ALONG SAID CENTER LINE A DISTANCE OF 618.88 FEET TO THE POINT OF BEGINNING AND CONTAINING 3,705,165 SQUARE FEET OR 85.0589 ACRES OF LAND.



*Tom Leatherwood*  
Shelby County Register

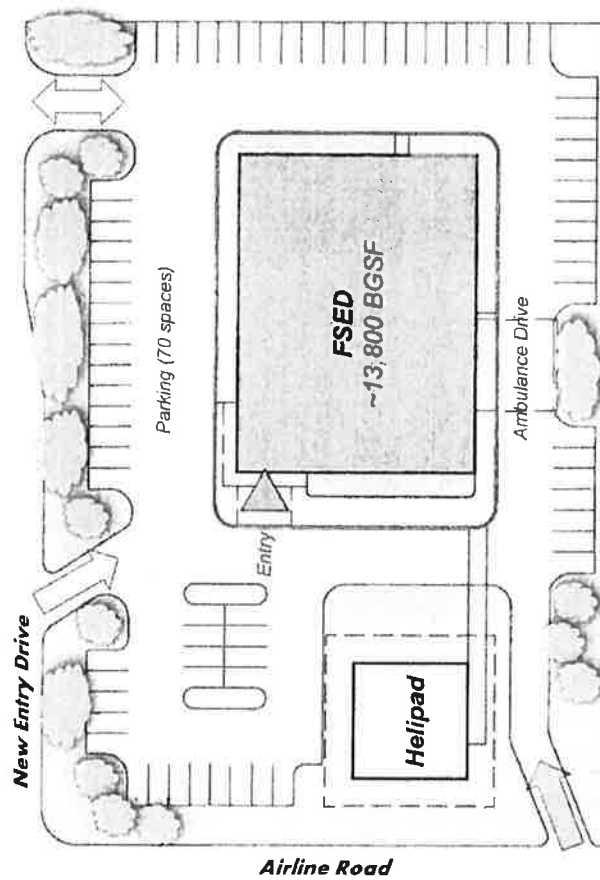
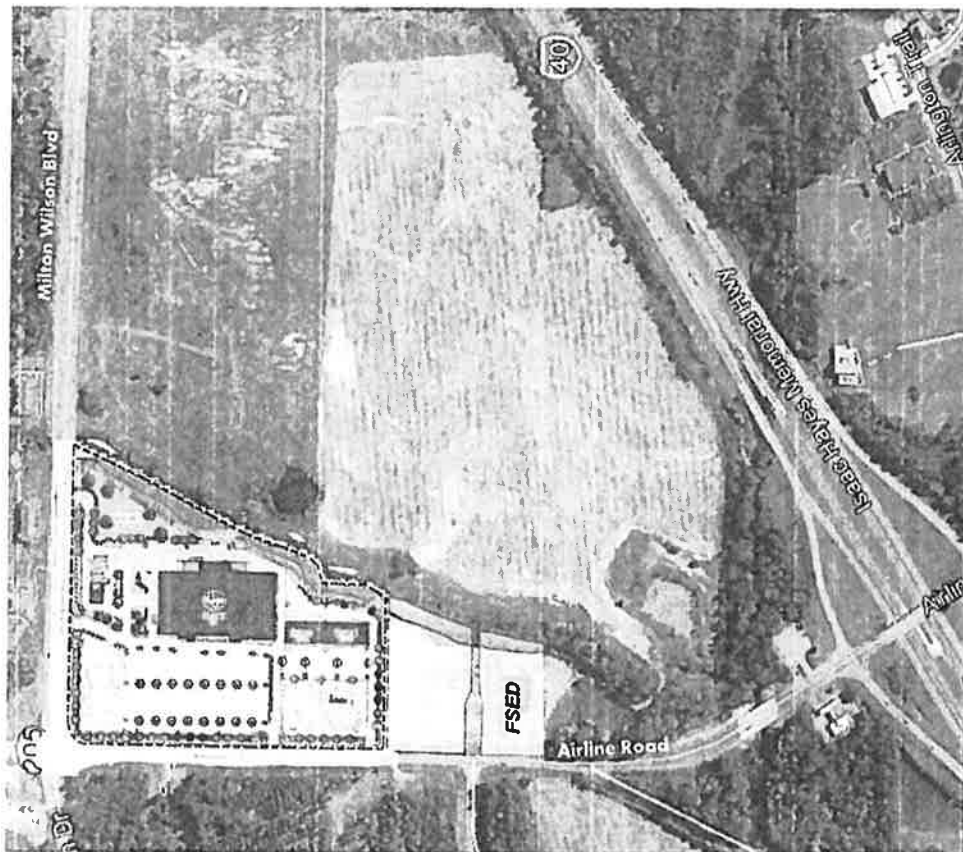
As evidenced by the instrument number shown below, this document  
has been recorded as a permanent record in the archives of the  
Office of the Shelby County Register.

	
06206077	
INSTRUMENT NUMBER	LOE 115 7471
DATE: 08/15/2011	
TIME: 10:00:00	
OFFICE: SHELBY COUNTY REGISTER	
RECORDING FEE: \$10.00	
TOTAL FEE: \$10.00	
RECEIVED BY: TOM LEATHERWOOD	
OFFICIAL SIGNATURE: [Signature]	
OFFICIAL TITLE: REGISTER	
OFFICE ADDRESS: 160 N. MAIN ST., SUITE 519, MEMPHIS, TN 38103	
PHONE: (901) 545-4366	
FAX: (901) 545-4367	
WEBSITE: <a href="http://register.shelby.tn.us">http://register.shelby.tn.us</a>	

## **Plot Plan**

### **Section A-6B-1**

# Concept Site Plan



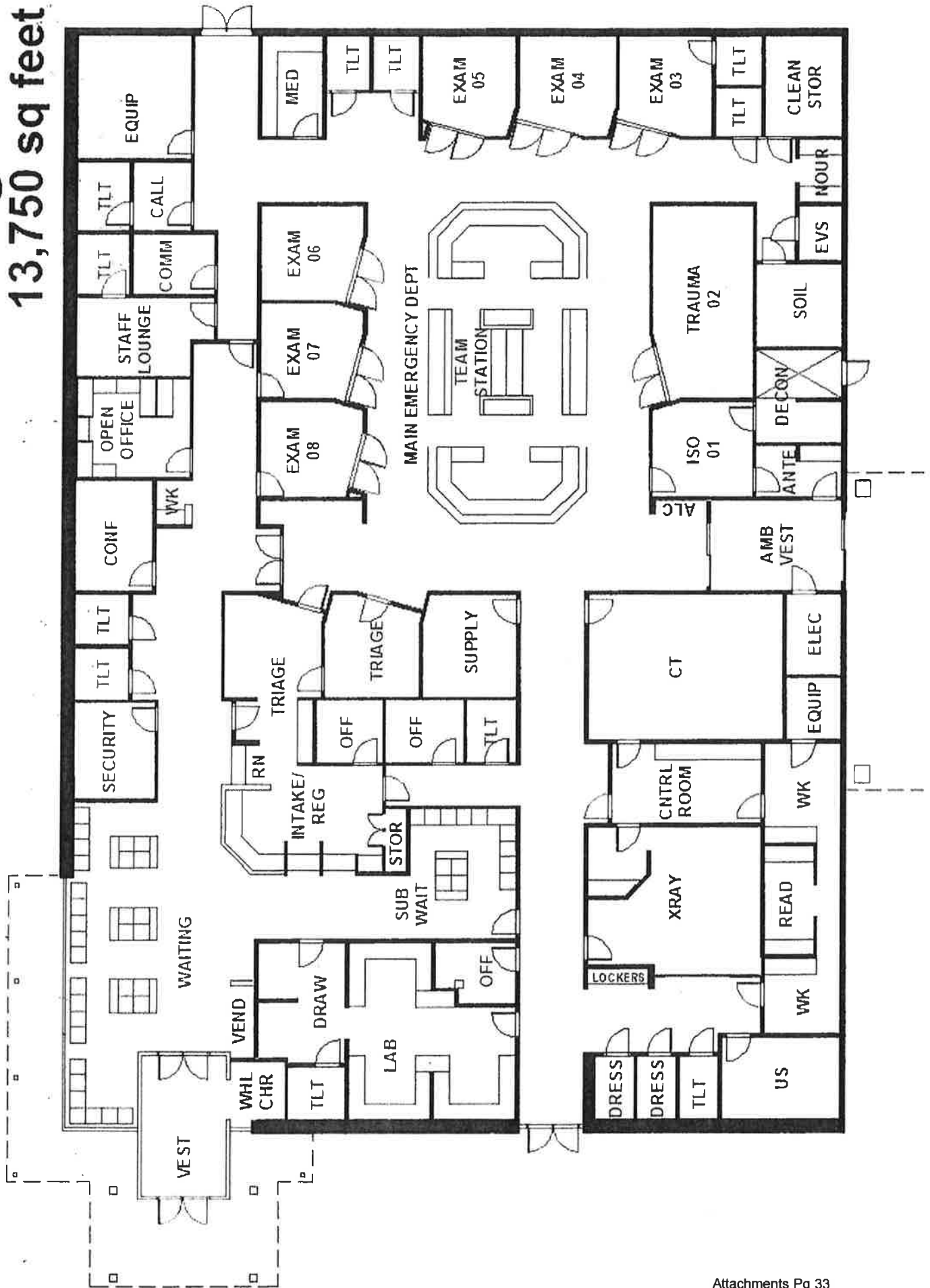
**1.65 Acres**

## **Floor Plan**

### **Section A-6B-2**

# FSED Floor Plan - Arlington

13,750 sq feet



# **Architect Letter**

## **Section A-4A**



January 25, 2017

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

RE: Baptist Memorial Hospital  
Free Standing Emergency Department  
Arlington

**A2H Project #17146**

Dear Ms. Hill,

This letter will denote that A2H, Inc. has reviewed the site preparation and construction costs indicated for the referenced project as follows:

Sitework	\$ 251,450
Building	\$ 3,643,750

We find the costs to be reasonable for the described scope of work. The construction costs have considered recent market conditions and inflation. We have also estimated Architectural and Engineering Fees of \$450,000.00 for the project.

Sincerely,

A2H, Inc.

Stewart A. Smith, AIA, EDAC  
Senior Architect

SAS/pjs



January 25, 2017

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

RE: Baptist Memorial Hospital  
Free Standing Emergency Department  
Arlington

**A2H Project #17146**

Dear Ms. Hill,

This letter will affirm that, to the best of our knowledge, the design intended for the construction of the referenced facility will be in accordance with the following codes and standards, as required by Shelby County Office of Construction Code Enforcement and the Tennessee Department of Health Board for Licensing Health Care Facilities-Standards for Hospitals-Chapter 1200-8-1-.08:

Codes (for Building Permit in Shelby County):

International Building Code (IBC)	Date:
IBC Local Amendments	2009
National Electric Code	Adopted 2012
NEC Local Amendments	2008
International Mechanical Code	Adopted 2012
Mech. Code Local Amendments	2009
International Plumbing Code	Adopted 2012
Plumbing Code Local Amendments	2009
International Energy Conservation Code	Adopted 2012
Energy Code Local Amendments	2009

Building Codes (for Tennessee Department of Health):

International Building Code	2006
National Electric Code	2005
International Mechanical Code	2006
International Plumbing Code	2006
NFPA 101	2006



ENGINEERS ARCHITECTS PLANNERS

Accessibility Code (for Building Permit in Shelby County):  
ANSI A117.1 (as required by IBC)

Accessibility Codes (for Tennessee Department of Health):  
ADAAG  
North Carolina Accessibility Code

2010  
2002 w/2004 Amendments

Healthcare:

AIA Guidelines

2014

This listing may not be entirely inclusive, but the intent is for all applicable codes and standards, State or Local, to be addressed during the design Process.

Sincerely,

**A2H, Inc.**

A handwritten signature in dark ink, appearing to read 'SA Smith'.

Stewart A. Smith, AIA, EDAC  
Senior Architect

SAS/pjs

## **Chief Financial Officer Letters**

### **Section B-Economic Feasibility-B**

BAPTIST MEMORIAL HEALTH CARE CORPORATION

January 24, 2017

Melanie Hill  
Executive Director  
Tennessee Health Services and  
Development Agency  
Andrew Jackson, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Baptist Memorial Hospital - Satellite Emergency Department,  
Intersection I-40 and Airline Road

Dear Ms. Hill:

Under the Joint Operating Agreement arrangement between Baptist Memorial Hospital (BMH) and Regional One Health (ROH), BMH will fund 60% of the capital required to establish the project referenced above. The BMH 60% share is expected to be \$2,116,462. This letter confirms that BMH has sufficient cash and other liquid assets to fund its share of the project.

Sincerely,

William A. Griffin  
Executive Vice President, Chief Financial Officer  
Baptist Memorial Health Care Corporation



## Regional One Health

January 24, 2017

Melanie Hill  
Executive Director  
Tennessee Health Services and  
Development Agency  
Andrew Jackson, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Baptist Memorial Hospital – Satellite Emergency Department,  
Intersection I-40 and Airline Road

Dear Ms. Hill:

Under the Joint Operating Agreement arrangement between Regional One Health and Baptist Memorial Hospital, ROH will fund 40% of the capital required to establish the project referenced above. ROH's 40% share is expected to be \$1,410,974. This letter confirms that ROH has sufficient cash and other liquid assets to fund its share of the project.

Sincerely,

DocuSigned by:  
A handwritten signature in black ink, appearing to read 'J. Richard Wagers, Jr.'  
78E6B4B138D3469

J. Richard Wagers, Jr.  
SEVP/CFO

## **Balance Sheet and Income Statements**

### **Section B-Economic Feasibility-F1**

BAPTIST MEMORIAL HOSPITAL-MEMPHIS

BALANCE SHEET

12 MONTHS ENDED SEPTEMBER 30

Unaudited

	2016	2015
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	21,924,315	27,922,020
Patient accounts receivable	174,460,333	181,429,058
Allowances to accounts receivable	(101,468,153)	(99,153,977)
Patient accounts receivable, net	72,992,180	82,275,081
Other Receivables	16,249,165	17,373,025
Third party settlements	1,598,384	638,171
Inventory	13,170,770	14,884,337
Prepaid expenses	4,636,317	4,510,449
Total current assets	130,571,132	147,603,085
<b>INVESTMENTS</b>	703,307	539,982
<b>PROPERTY AND EQUIPMENT, net</b>	151,769,313	159,178,095
<b>OTHER ASSETS</b>	38,461,095	54,881,081
<b>TOTAL ASSETS</b>	<u>321,504,846</u>	<u>362,202,243</u>
<b>CURRENT LIABILITIES:</b>		
Current portion-long-term debt & CLO	18,310,000	16,925,000
Accounts payable	10,629,808	8,114,999
Due to affiliates	10,130,416	7,530,510
Third party settlements	5,396,224	4,454,998
Accrued payroll expenses	10,182,747	15,212,027
Accrued other expenses	10,856,501	10,095,607
Total current liabilities	65,505,696	62,333,142
<b>LONG-TERM DEBT and CLO</b>	43,080,920	62,128,487
<b>POST RETIREMENT BENEFIT OBLIGATION</b>	36,819,874	36,640,151
<b>OTHER LONG-TERM LIABILITIES</b>	1,973,582	2,006,475
<b>FUND BALANCE (DEFICIT)</b>	<u>174,124,774</u>	<u>199,093,987</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>321,504,846</u>	<u>362,202,243</u>

BAPTIST MEMORIAL HOSPITAL-MEMPHIS  
STATEMENT OF REVENUES AND EXPENSES  
12 MONTHS ENDED SEPTEMBER 30  
Unaudited

	2016	2015
<b>UNRESTRICTED REVENUES AND OTHER SUPPORT:</b>		
Gross patient revenues	2,346,470,976	2,202,422,595
Deductions to gross patient revenues	(1,808,012,398)	(1,655,887,902)
Provision for bad debts	(60,252,012)	(54,911,673)
Other revenue	15,656,892	14,414,576
Total unrestricted revenues and other support	<u>493,863,458</u>	<u>506,037,595</u>
<b>EXPENSES:</b>		
Salaries	150,201,543	143,514,091
Contract labor	8,364,289	6,793,266
Benefits	39,332,045	38,575,100
Medical supplies	133,522,201	135,534,852
Nonmedical supplies	7,382,159	7,372,029
Purchased services	11,136,201	10,989,676
Insurance	5,003,390	(2,213,111)
Repairs and maintenance	11,678,381	10,821,077
Utilities	5,390,043	5,574,333
Other expenses	15,222,477	20,450,550
Management fees	73,003,980	63,216,120
Professional fees	29,811,137	29,428,984
Depreciation and amortization	20,427,449	22,496,920
Interest	407,915	530,997
Total Expenses	<u>510,883,210</u>	<u>493,084,883</u>
<b>NONOPERATING INCOME(EXPENSE):</b>	<u>(6,683,019)</u>	<u>(4,241,170)</u>
<b>REVENUES IN EXCESS OF EXPENSES</b>	<u>(23,702,771)</u>	<u>8,711,542</u>



# Regional One Health

## Unaudited Financial Statements

For The Period Ended  
December 31, 2016

**Regional One Health**  
(Excludes the Foundation)  
**Statement of Revenue and Expenses**  
**December 31, 2016**  
(\$ In Thousands)

Month of December				Six Months Ending December 31				
	2016 <u>Actual</u>	2016 <u>Budget</u>	2015 <u>Actual</u>		2016-17 <u>Actual</u>	2016-17 <u>Budget</u>	2015-16 <u>Actual</u>	
1				<u>Patient Service Revenue</u>				1
2	78,094	\$ 79,386	\$ 82,783	Inpatient Revenue	483,311	\$ 481,891	\$ 479,910	2
3	27,516	33,098	29,540	Outpatient Revenue	185,478	204,018	194,897	3
4	11,407	9,500	7,331	Physician Revenue	60,791	56,641	51,008	4
5	<u>\$ 117,017</u>	<u>\$ 121,984</u>	<u>\$ 119,654</u>	Gross Patient Service Revenue	<u>\$ 729,580</u>	<u>\$ 742,550</u>	<u>\$ 725,814</u>	5
6				<u>Deductions from Revenue</u>				6
7	\$ 64,841	\$ 68,979	\$ 72,972	Contractual Adjustments	\$ 410,193	\$ 412,891	\$ 411,014	7
8	19,309	23,030	28,676	Charity Care	126,679	144,773	141,037	8
9	9,639	5,549	(5,525)	Provision for Bad Debts	43,599	36,813	30,367	9
10	<u>\$ 93,789</u>	<u>\$ 97,558</u>	<u>\$ 96,124</u>	Total Deductions from Revenue	<u>\$ 580,470</u>	<u>\$ 594,477</u>	<u>\$ 582,418</u>	10
11	\$ 23,228	\$ 24,425	\$ 23,530	<u>Net Patient Revenue</u>	\$ 149,109	\$ 148,072	\$ 143,395	11
12	<u>\$ 2,836</u>	<u>\$ 2,661</u>	<u>\$ 2,783</u>	<u>Other Operating Revenue</u>	<u>\$ 17,315</u>	<u>\$ 15,926</u>	<u>\$ 15,409</u>	12
13	<u>\$ 26,064</u>	<u>\$ 27,086</u>	<u>\$ 26,312</u>	<u>Net Revenue</u>	<u>\$ 166,424</u>	<u>\$ 163,998</u>	<u>\$ 158,804</u>	13
14				<u>Operating Expenses</u>				14
15	\$ 13,635	\$ 13,047	\$ 12,587	Salary Expense	\$ 79,313	\$ 77,115	\$ 77,271	15
16	3,006	2,723	2,844	Employee Benefits	16,358	16,442	17,273	16
17	7,527	6,347	6,471	Supplies	40,317	37,483	38,298	17
18	6,815	7,131	6,762	Purchased Services	42,286	42,768	40,511	18
19	3,449	3,635	3,722	Other Expenses	22,021	22,079	22,564	19
20	1,506	1,205	1,074	Operation of Plant	7,193	7,348	7,553	20
21	132	140	0	Insurance	859	843	947	21
22	1,582	1,450	1,473	Depreciation	9,480	9,155	8,870	22
23	725	608	697	Lease Expense	3,905	3,629	3,885	23
24	52	27	42	Interest	205	163	172	24
25	<u>\$ 38,429</u>	<u>\$ 36,314</u>	<u>\$ 35,673</u>	Total Operating Expenses	<u>\$ 221,938</u>	<u>\$ 217,024</u>	<u>\$ 217,345</u>	25
26	<u>\$ (12,366)</u>	<u>\$ (9,227)</u>	<u>\$ (9,361)</u>	<u>Operating Income</u>	<u>\$ (55,514)</u>	<u>\$ (53,025)</u>	<u>\$ (58,541)</u>	26
27				<u>Non-Operating Income</u>				27
28	\$ (552)	\$ 326	\$ (572)	Investment Income & Other	(1,450)	\$ 1,958	\$ 85	28
29	5,697	5,055	5,153	Support Income	31,207	30,331	33,151	29
30	2,796	3,000	2,825	Public Hospital Supplemental Pool	16,776	18,000	16,950	30
31	-	-	-	EHR Incentive Payment	-	-	-	31
32	<u>\$ 7,941</u>	<u>\$ 8,381</u>	<u>\$ 7,406</u>	Total Non-Operating Income	<u>\$ 46,533</u>	<u>\$ 50,289</u>	<u>\$ 50,186</u>	32
33	<u>\$ (4,424)</u>	<u>\$ (846)</u>	<u>\$ (1,955)</u>	Net Income (Loss)	<u>\$ (8,981)</u>	<u>\$ (2,736)</u>	<u>\$ (8,355)</u>	33

**Patient Service Revenue**

Inpatient Revenue  
Outpatient Revenue  
Physician Revenue  
**Gross Patient Service Revenue**

**Deductions from Revenue**

Contractual Adjustments  
Charity Care  
Provision for Bad Debts  
**Total Deductions from Revenue**

**Net Patient Revenue**

**Other Operating Revenue**

**Net Revenue**

**Operating Expenses**

Salary Expense  
Employee Benefits  
Supplies  
Purchased Services  
Other Expenses  
Operation of Plant  
Insurance  
Depreciation  
Lease Expense  
Interest  
**Total Operating Expenses**

**Operating Income**

**Non-Operating Income**

Investment Income & Other  
Support Income  
Public Hospital Supplemental Pool  
EHR Incentive Payment  
**Total Non-Operating Income**

**Net Income (Loss)**

**Regional One Health**  
(Excludes the Foundation)  
**Statement of Revenue and Expenses - Flex Budget (Volume and Case Mix Adjusted)**  
December 31, 2016  
(\$ In Thousands)

Month of December				Six Months Ending December 31			
	2016 Actual	2016 Flex Budget	2016 Budget		2016-17 Actual	2016-17 Flex Budget	2016-17 Budget
1				<u>Patient Service Revenue</u>			
2	\$ 78,094	\$ 76,273	\$ 79,386	Inpatient Revenue	\$ 483,311	\$ 472,088	\$ 481,891
3	27,516	35,952	33,098	Outpatient Revenue	185,478	202,464	204,018
4	11,407	8,381	9,500	Physician Revenue	60,791	52,935	56,641
5	<u>\$ 117,017</u>	<u>\$ 120,606</u>	<u>\$ 121,984</u>	Gross Patient Service Revenue	<u>\$ 729,580</u>	<u>\$ 727,487</u>	<u>\$ 742,550</u>
6				<u>Deductions from Revenue</u>			
7	\$ 64,841	\$ 68,200	\$ 68,979	Contractual Adjustments	\$ 410,193	\$ 404,516	\$ 412,891
8	19,309	22,770	23,030	Charity Care	126,679	141,836	144,773
9	9,639	5,486	5,549	Provision for Bad Debts	43,599	36,066	36,813
10	<u>\$ 93,789</u>	<u>\$ 96,456</u>	<u>\$ 97,558</u>	Total Deductions from Revenue	<u>\$ 580,470</u>	<u>\$ 582,418</u>	<u>\$ 594,477</u>
11	\$ 23,228	\$ 24,150	\$ 24,425	<u>Net Patient Revenue</u>	\$ 149,109	\$ 145,069	\$ 148,072
12	<u>\$ 2,836</u>	<u>\$ 2,661</u>	<u>\$ 2,661</u>	<u>Other Operating Revenue</u>	<u>\$ 17,315</u>	<u>\$ 15,926</u>	<u>\$ 15,926</u>
13	<u>\$ 26,064</u>	<u>\$ 26,810</u>	<u>\$ 27,086</u>	<u>Net Revenue</u>	<u>\$ 166,424</u>	<u>\$ 160,995</u>	<u>\$ 163,998</u>
14				<u>Operating Expenses</u>			
15	\$ 13,635	\$ 12,644	\$ 13,047	Salary Expense	\$ 79,313	\$ 75,561	\$ 77,115
16	3,006	2,655	2,723	Employee Benefits	16,358	15,868	16,442
17	7,527	6,127	6,347	Supplies	40,317	36,631	37,483
18	6,815	7,131	7,131	Purchased Services	42,286	42,768	42,768
19	3,449	3,635	3,635	Other Expenses	22,021	22,079	22,079
20	1,506	1,205	1,205	Operation of Plant	7,193	7,348	7,348
21	132	140	140	Insurance	859	843	843
22	1,582	1,450	1,450	Depreciation	9,480	9,155	9,155
23	725	608	608	Lease Expense	3,905	3,629	3,629
24	52	27	27	Interest	205	163	163
25	<u>\$ 38,429</u>	<u>\$ 35,622</u>	<u>\$ 36,314</u>	Total Operating Expenses	<u>\$ 221,938</u>	<u>\$ 214,043</u>	<u>\$ 217,024</u>
26	<u>\$ (12,366)</u>	<u>\$ (8,812)</u>	<u>\$ (9,227)</u>	<u>Operating Income</u>	<u>\$ (55,514)</u>	<u>\$ (53,048)</u>	<u>\$ (53,024)</u>
27				<u>Non-Operating Income</u>			
28	\$ (552)	\$ 326	\$ 326	Investment Income & Other	\$ (1,450)	\$ 1,958	\$ 1,958
29	5,697	5,055	5,055	Support Income	31,207	30,331	30,331
30	2,796	3,000	3,000	Public Hospital Supplemental Pool	16,776	18,000	18,000
31	-	-	-	EHR Incentive Payment	-	-	-
32	<u>\$ 7,941</u>	<u>\$ 8,381</u>	<u>\$ 8,381</u>	Total Non-Operating Income	<u>\$ 46,533</u>	<u>\$ 50,289</u>	<u>\$ 50,289</u>
33	<u>\$ (4,424)</u>	<u>\$ (431)</u>	<u>\$ (846)</u>	Net Income (Loss)	<u>\$ (8,981)</u>	<u>\$ (2,759)</u>	<u>\$ (2,736)</u>
				Volume and Case Mix Adjusted Financial Ratios			
34	\$ 78,792	\$ 74,928	\$ 74,377	Gross Patient Revenue per Adj Discharge	\$ 81,135	\$ 75,674	\$ 76,297
35	\$ 15,640	\$ 15,003	\$ 14,893	Net Patient Revenue per Adj Discharge	\$ 16,582	\$ 15,090	\$ 15,214
36	\$ 25,876	\$ 22,131	\$ 22,141	Total Operating Expense per Adj Discharge	\$ 24,681	\$ 22,265	\$ 22,299

**Patient Service Revenue**

Inpatient Revenue  
Outpatient Revenue  
Physician Revenue  
Gross Patient Service Revenue

**Deductions from Revenue**

Contractual Adjustments  
Charity Care  
Provision for Bad Debts  
Total Deductions from Revenue

**Net Patient Revenue**

**Other Operating Revenue**

**Net Revenue**

**Operating Expenses**

Salary Expense  
Employee Benefits  
Supplies  
Purchased Services  
Other Expenses  
Operation of Plant  
Insurance  
Depreciation  
Lease Expense  
Interest  
Total Operating Expenses

**Operating Income**

**Non-Operating Income**

Investment Income & Other  
Support Income  
Public Hospital Supplemental Pool  
EHR Incentive Payment  
Total Non-Operating Income

**Net Income (Loss)**

**Volume and Case Mix Adjusted Financial Ratios**

Gross Patient Revenue per Adj Discharge  
Net Patient Revenue per Adj Discharge  
Total Operating Expense per Adj Discharge

**Regional One Health**  
(Excludes the Foundation)  
Summary of Statistical & Performance Indicators  
December 31, 2016

Month of December							Six Months Ending December 31		
	2016 Actual	2016 Budget	2015 Actual				2016-17 Actual	2016-17 Budget	2015-16 Actual
1	273	287	265	Average Daily Census (Excluding Newborn)			277	287	274
				In-Patient Days					
2	7,068	7,210	7,013	Acute Care			42,324	42,810	43,531
3	631	620	617	Extended Care			3,720	3,834	3,497
4	450	654	515	Rehab			3,015	3,888	3,284
5	317	419	61	Skilled Nursing			1,821	2,342	61
6	528	458	493	Well Baby Nursery			2,946	2,718	2,878
7	8,994	9,361	8,699	Total Inpatient Days			53,826	55,592	53,251
				Discharges					
8	1,015	1,062	1,109	Acute Care			6,016	6,316	6,411
9	20	21	17	Extended Care			100	129	102
10	22	36	30	Rehab			164	214	177
11	17	17	4	Skilled Nursing			81	95	4
12	247	209	227	Well Baby Nursery			1,447	1,240	1,359
13	1,321	1,345	1,387	Total Discharges			7,808	7,994	8,053
				Average Length of Stay					
14	6.96	6.79	6.32	Acute Care			7.04	6.78	6.79
15	31.55	29.52	36.29	Extended Care			37.20	29.72	34.28
16	20.45	18.17	17.17	Rehab			18.38	18.17	18.55
17	18.65	24.65	15.25	Skilled Nursing			22.48	24.65	15.25
18	2.14	2.19	2.17	Well Baby Nursery			2.04	2.19	2.12
				Case Mix Index					
19	2.36	2.23	2.72	Medicare			2.31	2.23	2.57
20	1.76	1.83	1.82	Overall			1.83	1.83	1.82
				Outpatient Visits					
21	5,528	5,829	5,708	Outpatient Center			36,999	37,229	36,812
22	2,779	2,571	2,940	OB/GYN			16,588	16,523	16,207
23	3,154	3,660	3,478	Healthloop & Satellite Clinics			19,732	23,640	23,386
24	1,822	1,294	741	6555 Clinics			10,819	8,317	4,115
25	13,283	13,354	12,867	Total Outpatient Visits			84,138	85,709	80,520
26	4,382	4,939	4,766	Emergency Visits			28,936	29,873	29,863
				Surgical Operations					
27	531	433	499	Inpatient			3,165	2,992	3,080
28	163	221	224	Outpatient			1,147	1,293	1,249
29	694	654	723	Total Surgical Operations			4,313	4,285	4,329
				Financial Ratios					
30	\$ 78,792	\$ 74,377	\$ 74,756	Gross Patient Revenue per Adj Discharge			\$ 81,135	\$ 76,297	\$ 76,262
31	\$ 15,640	\$ 14,893	\$ 14,701	Net Patient Revenue per Adj Discharge			\$ 16,582	\$ 15,214	\$ 15,067
32	\$ 25,876	\$ 22,141	\$ 22,287	Total Operating Expense per Adj Discharge			\$ 24,681	\$ 22,299	\$ 22,837
				Case Mix Adjusted Financial Ratios					
33	\$ 78,792	\$ 75,033	\$ 74,756	Gross Patient Revenue per Adj Discharge			\$ 81,135	\$ 75,091	\$ 76,262
34	\$ 15,640	\$ 15,024	\$ 14,701	Net Patient Revenue per Adj Discharge			\$ 16,582	\$ 14,974	\$ 15,067
35	\$ 25,876	\$ 21,847	\$ 22,287	Total Operating Expense per Adj Discharge			\$ 24,681	\$ 22,034	\$ 22,837

**Regional One Health**  
(Excludes the Foundation)  
**Summary of Performance Indicators**  
December 31, 2016

Month of December				Six Months Ending December 31				
	2016 Actual	2016 Budget	2015 Actual	Payor Mix (% of Gross Patient Revenue) -Excluding UTROP	2016-17 Actual	2016-17 Budget	2015-16 Actual	
1	23.9%	25.2%	20.3%	Commercial/Managed Care	26.1%	25.2%	24.7%	1
2	20.0%	20.3%	22.7%	Medicare	18.4%	20.3%	20.1%	2
3	22.8%	22.2%	22.5%	TennCare	23.1%	22.2%	20.4%	3
4	6.7%	4.8%	6.0%	Medicaid (Out of State)	7.4%	4.8%	5.4%	4
5	26.6%	27.5%	28.5%	Self-Pay/Other	25.0%	27.5%	29.4%	5
Payor Mix (% of Gross Patient Revenue) - UTROP								
6	28.3%	27.9%	28.4%	Commercial/Managed Care	26.6%	27.9%	28.6%	6
7	13.5%	13.6%	12.3%	Medicare	13.8%	13.6%	13.0%	7
8	28.7%	23.9%	30.2%	TennCare	29.1%	23.9%	27.8%	8
9	8.5%	5.8%	5.2%	Medicaid (Out of State)	7.6%	5.8%	5.2%	9
10	21.0%	28.8%	23.9%	Self-Pay/Other	22.9%	28.8%	25.4%	10
Productivity Indicators								
11	2,528	2,641	2,427	Paid FTEs (System)	2,513	2,635	2,499	11
12	6.69	6.49	6.86	Paid FTEs per AOB (System)	6.43	6.44	6.49	12
13	102%	105%	106%	Productivity Index	103%	105%	105%	13
Operational Indicators								
14	11,707	12,854	11,362	Adjusted Patient Days	71,926	76,191	71,619	14
15	1,485	1,640	1,601	Adjusted Discharges	8,992	9,732	9,517	15
16	\$ 9,996	\$ 9,490	\$ 10,531	Gross Patient Revenue per Adj Pat Day	\$ 10,143	\$ 9,746	\$ 10,134	16
17	\$ 1,984	\$ 1,900	\$ 2,071	Net Patient Revenue per Adj Pat Day	\$ 2,073	\$ 1,943	\$ 2,002	17
18	\$ 3,283	\$ 2,825	\$ 3,140	Total Operating Exp per Adj Pat Day	\$ 3,086	\$ 2,848	\$ 3,035	18
19	\$ 1,421	\$ 1,227	\$ 1,358	Salaries,Wages,Benefits per Adjusted Pat Day	\$ 1,330	\$ 1,228	\$ 1,320	19
20	\$ 643	\$ 494	\$ 570	Supplies per Adjusted Pat Day	\$ 561	\$ 492	\$ 535	20
21	\$ 1,218	\$ 1,104	\$ 1,212	Other Expenses per Adjusted Pat Day	\$ 1,195	\$ 1,129	\$ 1,180	21
22	\$ 78,792	\$ 74,377	\$ 74,756	Gross Patient Revenue per Adj Discharge	\$ 81,135	\$ 76,297	\$ 76,262	22
23	\$ 15,640	\$ 14,893	\$ 14,701	Net Patient Revenue per Adj Discharge	\$ 16,582	\$ 15,214	\$ 15,067	23
24	\$ 25,876	\$ 22,141	\$ 22,287	Total Operating Exp per Adj Discharge	\$ 24,681	\$ 22,299	\$ 22,837	24
25	\$ 11,205	\$ 9,615	\$ 9,641	Salaries,Wages,Benefits per Adj Discharge	\$ 10,639	\$ 9,613	\$ 9,934	25
26	\$ 5,069	\$ 3,870	\$ 4,043	Supplies per Adj Discharge	\$ 4,484	\$ 3,851	\$ 4,024	26
27	\$ 9,602	\$ 8,656	\$ 8,604	Other Expenses per Adj Discharge	\$ 9,558	\$ 8,835	\$ 8,879	27
28	\$ 272	\$ 150	\$ 237	Overtime Expense Per FTE	\$ 1,672	\$ 904	\$ 1,639	28
29	-13.0%	-2.4%	-5.8%	Total Margin Percent	-4.2%	-1.3%	-4.0%	29
30	-8.2%	1.8%	-1.3%	EBITDA Percent	0.3%	3.1%	0.3%	30
31				Days of Net Patient Revenue in Net Patient A/R - ROH	81.6		78.8	31
32				Days of Net Patient Revenue in Net Patient A/R - UTROP	82.6		136.4	32
33				Days Cash net of Board Designation	11.6		14.0	33
34				Current Ratio	1.5		1.5	34

**Regional One Health**  
(Excludes the Foundation)  
**Balance Sheet**  
December 31, 2016  
(\$ in Thousands)

	December 2016	November 2016	June 2016	December 2015
<b>Assets</b>				
<b>Current Assets:</b>				
1 Cash and Cash Equivalents	8,527	\$ 1,613	\$ 17,370	\$ 16,932
2 Less Board Designation of Funds for Self-Insurance	(4,226)	(4,226)	(4,226)	(5,830)
3 Less Board Designation of Funds for Capital Needs	(98,688)	(98,688)	(98,688)	(99,193)
4 Less Board Designation of Funds Available For NMTC	(5,371)	(5,371)	(5,371)	(5,371)
5 Investments, market value	113,097	128,400	99,306	110,345
6 <b>Cash and Investments, net of Board Designated</b>	<u>13,339</u>	<u>21,726</u>	<u>8,391</u>	<u>15,883</u>
7 Patient Accounts Receivable-Excluding UTROP	242,850	274,338	227,403	279,598
8 Less Allowances for Contractual & Uncompensated Care-Excluding UTROP	(185,196)	(212,943)	(171,288)	(224,789)
9 <b>Patient Accounts Receivable, net-Excluding UTROP</b>	<u>58,654</u>	<u>61,395</u>	<u>56,114</u>	<u>54,809</u>
10 Patient Accounts Receivable-UTROP	23,787	25,344	28,721	29,359
11 Less Allowances for Contractual & Uncompensated Care-UTROP	(16,117)	(17,607)	(21,560)	(21,334)
12 <b>Patient Accounts Receivable, net-UTROP</b>	<u>7,670</u>	<u>7,737</u>	<u>7,161</u>	<u>8,025</u>
13 Accounts Receivable from UT/UTMG, net	2,978	2,544	1,498	3,060
14 Other Accounts Receivable	13,882	6,223	13,570	25,715
15 Due from Affiliates	-	-	-	-
15 Inventories	3,834	3,712	3,383	3,806
16 Prepaid Expenses	4,498	4,320	3,050	4,291
17 <b>Total Current Assets</b>	<u>102,856</u>	<u>107,657</u>	<u>93,168</u>	<u>115,590</u>
18 Board Designation of Funds for Self-Insurance	4,226	4,226	4,226	5,830
19 Board Designation of Funds for Capital Needs	92,789	92,789	92,789	92,789
20 Board Designation of Funds for Capital Needs Obligated	5,899	5,899	5,899	6,404
21 Board Designation of Funds Available For NMTC	5,371	5,371	5,371	5,371
22 Deferred Financing Fees	739	758	849	939
23 Notes Receivable	18,598	18,787	19,296	19,222
24 Investment in Joint Ventures	13,581	13,381	12,981	11,000
25 Property, Plant and Equipment, net	83,885	84,772	90,989	94,630
26 <b>Total Assets</b>	<u>\$ 327,943</u>	<u>\$ 333,641</u>	<u>\$ 325,568</u>	<u>\$ 352,775</u>
<b>Liabilities &amp; Fund Balance</b>				
<b>Current Liabilities:</b>				
27 Accounts Payable	\$ 9,805	\$ 10,893	\$ 12,242	\$ 10,081
28 Accrued Expenses	12,048	6,836	18,000	20,439
29 Compensated Absences	8,489	8,863	8,917	7,962
30 Deferred Revenue	22,104	27,000	248	24,342
31 Estimated Third Party Payor Settlements	15,877	15,906	17,624	15,918
32 <b>Total Current Liabilities</b>	<u>68,123</u>	<u>69,498</u>	<u>57,031</u>	<u>78,742</u>
33 Notes Payable, net of current maturities	26,550	26,550	26,550	26,550
34 Other Long-term Liabilities	960	960	960	750
35 Reserve for Self-Insured Losses	4,490	4,440	4,226	5,536
36 <b>Total Liabilities</b>	<u>100,123</u>	<u>101,403</u>	<u>88,767</u>	<u>112,578</u>
<b>Fund Balance:</b>				
37 Revenue over (under) Expenses, Current Year	(8,981)	(4,563)	(11,749)	(8,353)
38 Unrestricted Fund Balance	236,801	236,801	248,550	248,550
39 <b>Total Liabilities &amp; Fund Balance</b>	<u>\$ 327,943</u>	<u>\$ 333,641</u>	<u>\$ 325,568</u>	<u>\$ 352,775</u>

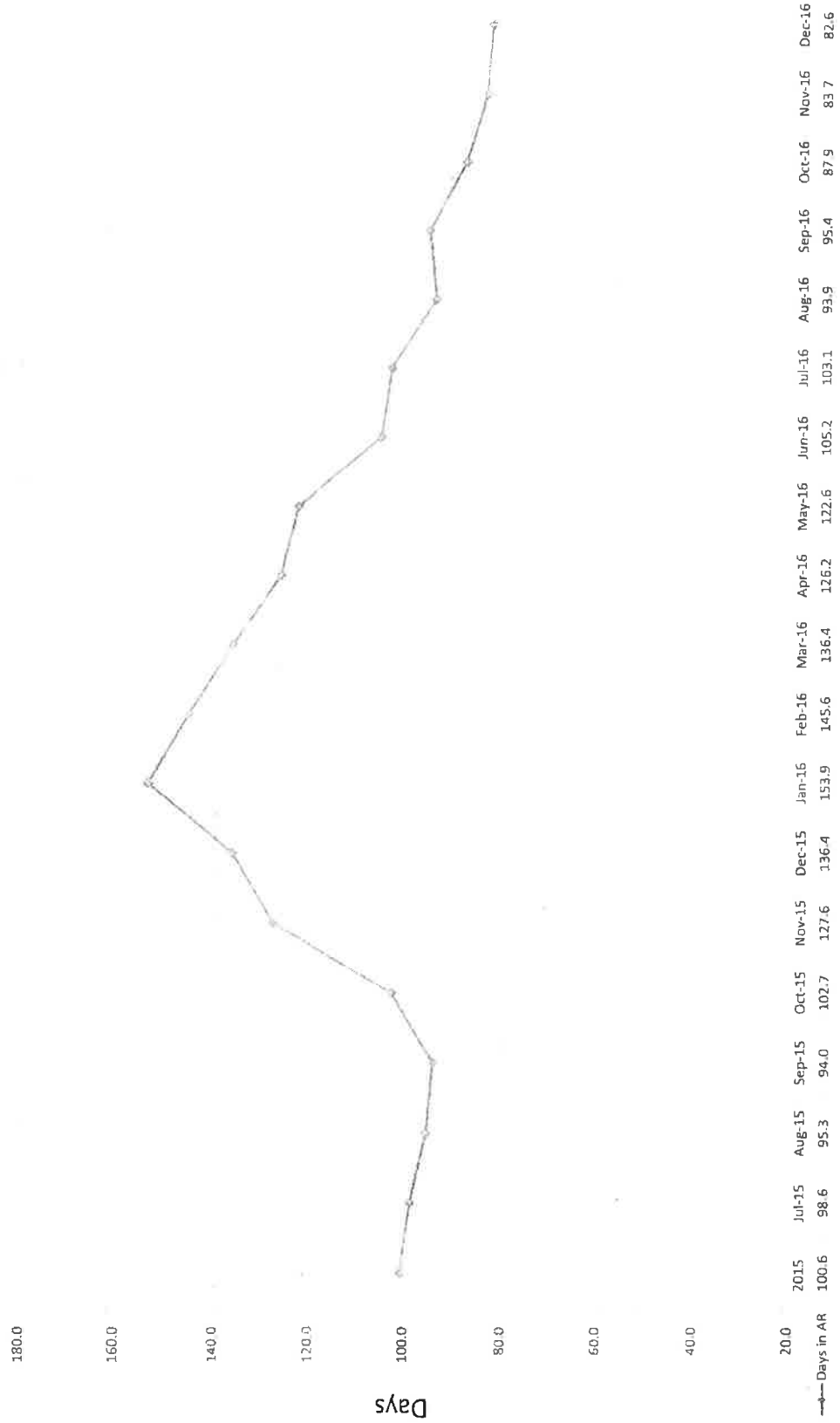
**Regional One Health**  
(Excludes the Foundation)  
**Statement of Cash Flow**  
December 31, 2016  
(\$ in Thousands)

	<u>Month</u>	<u>Year To Date</u>
1 Net Income/(loss)	\$ (4,424)	\$ (8,981)
<b>Adjustments to reconcile net income to net cash</b>		
2 Depreciation and leasehold improvement amortization	\$ 1,582	9,480
3 Asset Impairment	-	-
<b>Changes in operating assets and liabilities:</b>		
4 Decrease/(Increase) in patient accounts receivable - Net	4,807	(1,049)
5 Decrease/(Increase) in other accounts receivable	(7,660)	(312)
6 Decrease/(Increase) in net due from third-party payors	(229)	(1,947)
7 Decrease/(Increase) in accounts receivable-UT	(501)	(1,480)
8 Decrease/(Increase) in inventories	(122)	(451)
9 Decrease/(Increase) in prepaid other current assets	(160)	(1,338)
10 (Decrease)/Increase in accounts payable	(827)	(2,343)
11 (Decrease)/Increase in accrued expenses	5,212	(5,376)
12 (Decrease)/Increase in accrued salaries and related benefits	(374)	(428)
13 (Decrease)/Increase in deferred revenue	(4,896)	21,856
14 Net cash provided by operating activities	(4,749)	7,133
<b>Investing activities</b>		
15 Acquisitions of property, building and equipment	(694)	(2,376)
16 Decrease/(Increase) in notes receivable	-	-
17 Decrease/(Increase) in subsidiary investment	(200)	(600)
18 Changes in assets whose use is limited	97	291
19 Net cash used in investing activities	(798)	(2,684)
<b>Financing activities</b>		
20 Additional borrowings	-	-
21 Payments on long term notes and leases	-	-
22 Payments on bonds	-	-
23 Net cash (used in) financing activities	-	-
24 Net (decrease)/increase cash and cash equivalents	(8,389)	4,948
25 Cash and cash equivalents beginning of period	130,012	116,676
26 Cash and cash equivalents end of period	\$ 121,624	\$ 121,624

Regional One Health  
(Excludes the Foundation)  
Operating Cash Flow Analysis & Forecast  
Year Ending June 30, 2017  
(\$ in Thousands)

	Actual Jul-16	Actual Aug-16	Actual Sep-16	Actual Oct-16	Actual Nov-16	Actual Dec-16	Forecast Jan-17	Forecast Feb-17	Forecast Mar-17	Forecast Apr-17	Forecast May-17	Forecast Jun-17	Total FY 2017
1 Beginning balance cash & equivalents	\$ 116,676	\$ 163,201	\$ 159,325	\$ 153,479	\$ 143,835	\$ 130,012	\$ 121,624	\$ 116,674	\$ 113,721	\$ 108,976	\$ 106,005	\$ 105,340	\$ 116,676
2 Patient Cash Receipts:													
3 Medicare IP/OP	4,912	4,722	5,820	5,665	6,670	6,351	4,240	4,234	3,944	4,128	4,208	4,300	59,255
4 Medicare Pass Thru	184	92	277	184	278	186	-	-	-	-	-	-	1,201
5 Cost Report Settlements	345	-	10	-	-	-	-	-	-	-	-	-	355
6 Medicaid (Out of State)	939	923	1,787	1,351	1,168	1,062	1,188	1,186	1,105	1,157	1,179	1,205	14,708
7 Commercial & Managed Care	10,064	11,169	10,432	8,945	10,301	14,062	11,963	11,945	11,126	11,873	11,873	12,131	135,659
8 AmeriChoice	2,347	1,452	1,318	1,649	947	1,254	3,503	3,498	3,258	3,410	3,476	3,552	29,664
9 Blue Care	1,732	1,769	2,255	1,466	2,544	1,503	2,690	2,686	2,501	2,619	2,669	2,727	27,160
10 TennCare Select	2,616	1,294	2,580	2,259	2,639	2,442	1,638	637	1,614	629	1,635	642	20,625
11 Self-Pay & Other	752	2,100	(197)	928	794	585	901	900	838	878	895	914	10,288
12 Total Patient Cash Receipts	23,952	23,521	24,281	22,448	25,340	27,903	26,123	25,086	24,386	24,467	25,937	25,471	298,916
13 Other Cash Receipts:													
14 UT GME	-	-	1,475	-	-	-	-	-	2,922	-	1,461	-	5,858
15 Miscellaneous	3,431	4,263	4,732	3,289	(229)	3,967	2,231	2,231	2,231	2,231	2,231	2,231	32,837
16 State of Tennessee	33,667	8,530	5	3,250	40	1,472	500	3,250	500	4,567	3,250	10,054	64,517
17 Mississippi/Arkansas Support	543	482	945	475	1,264	475	3,000	333	-	2,284	333	-	14,983
18 Shelby County Operating Approp	20,262	-	-	-	-	-	-	-	1,054	2,284	2,284	2,284	28,168
19 Total Other Cash Receipts	57,931	13,278	7,157	7,334	1,160	5,923	6,056	6,139	7,032	9,406	9,884	17,480	148,779
20 Total Cash Receipts	81,883	36,800	31,439	29,782	26,500	33,826	32,179	31,224	31,418	33,873	35,820	42,952	447,695
21 Disbursements:													
22 AP	17,175	29,401	24,560	23,290	28,530	28,362	22,637	20,950	21,670	22,773	21,992	22,301	283,660
23 Payroll	17,729	10,925	12,400	15,749	11,159	12,944	13,060	11,796	13,062	12,640	13,062	12,663	157,191
24 Other	440	-	-	-	-	451	-	-	-	-	-	6,374	7,265
25 Capital	14	350	305	386	633	458	1,431	1,431	1,431	1,431	1,431	1,431	10,732
26 Total Disbursements	35,357	40,676	37,265	39,426	40,322	42,215	37,129	34,177	36,163	36,844	36,485	42,769	458,848
27 Cash Surplus (Deficit)	46,525	(3,876)	(5,846)	(9,644)	(13,822)	(8,389)	(4,950)	(2,953)	(4,745)	(2,971)	(665)	183	(11,153)
28 Ending balance cash & equivalents	\$ 163,201	\$ 159,325	\$ 153,479	\$ 143,835	\$ 130,012	\$ 121,624	\$ 116,674	\$ 113,721	\$ 108,976	\$ 106,005	\$ 105,340	\$ 105,523	\$ 105,523
29 Less Board Designation:													
30 Funds for Self-Insurance	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)	(4,226)
31 Funds Available For NMTC	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)	(5,371)
32 Funds for Future Capital Expenditure	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)	(98,688)
33 Net Operating Cash	54,917	51,040	45,194	35,550	21,727	13,339	8,389	5,436	691	(2,280)	(2,945)	(2,761)	(2,761)
34 Days Cash on Hand	146.6	142.0	133.6	123.6	113.3	105.3	103.4	100.4	96.3	93.6	93.0	92.9	92.9
35 Days Cash, net of Board Designations	49.3	45.5	39.3	30.6	18.9	11.6	7.4	4.8	0.6	(2.0)	(2.6)	(2.4)	(2.4)

# **UTROP** **Days of Net Patient Revenue in Net Patient Accounts Receivable**



**License/Joint Commission**

**Orderly Development 4(A)**

# Board for Licensing Health Care Facilities



State of Tennessee

0000000104

No. of Beds 0927

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

*to conduct and maintain a*

BAPTIST MEMORIAL HOSPITAL

*Hospital*

BAPTIST MEMORIAL HOSPITAL

*Located at*

6019 WALNUT GROVE ROAD, MEMPHIS

*County of*

SHELBY

*, Tennessee.*

*This license shall expire*

SEPTEMBER 01

, 2017

*, and is subject*

*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State this 16TH day of AUGUST, 2016.*

GENERAL HOSPITAL  
PEDIATRIC GENERAL HOSPITAL

*In the Distinct Category(ies) of:*



*By*

*David J. Davis, MPH*

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By*

*John D. Davis*

COMMISSIONER



December 18, 2014

Zach Chandler  
CEO  
Baptist Memorial Hospital - Memphis  
6019 Walnut Grove Road  
Memphis, TN 38120

Joint Commission ID #: 7869  
Program: Hospital Accreditation  
Accreditation Activity: Measure of Success  
Accreditation Activity Completed: 12/18/2014

Dear Mr. Chandler:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning June 07, 2014. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit [Quality Check®](#) on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations



## **Official Accreditation Report**

Baptist Memorial Hospital - Memphis  
6019 Walnut Grove Road  
Memphis, TN 38120

**Organization Identification Number: 7869**

**Measure of Success Submitted: 12/18/2014**

## The Joint Commission

### Executive Summary

**Program(s)**

Hospital Accreditation

**Submit Date**

12/18/2014

**Hospital Accreditation :** As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

## The Joint Commission

### Requirements for Improvement – Summary

Program	Standard	Level of Compliance
HAP	EC.02.03.05	Compliant
HAP	MM.03.01.01	Compliant
HAP	NPSG.03.05.01	Compliant
HAP	PC.01.02.07	Compliant
HAP	PC.01.03.01	Compliant
HAP	PC.02.03.01	Compliant
HAP	PC.04.01.05	Compliant
HAP	RC.02.01.03	Compliant
HAP	RI.01.03.01	Compliant



August 27, 2014

Re: # 7869  
CCN: #440048  
Program: Hospital  
Accreditation Expiration Date: June 07, 2017

Zach Chandler  
CEO  
Baptist Memorial Hospital - Memphis  
6019 Walnut Grove Road  
Memphis, Tennessee 38120

Dear Mr. Chandler:

This letter confirms that your June 02, 2014 - June 06, 2014 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on July 24, 2014 and August 13, 2014, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of June 07, 2014.

The Joint Commission is also recommending your organization for continued Medicare certification effective June 07, 2014. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following locations:

Baptist Memorial Hospital Memphis - Memphis Campus  
6019 Walnut Grove Road, Memphis, TN, 38120

Baptist Memorial Hospital Memphis- Collierville Campus  
1500 West Poplar, Collierville, TN, 38017

Baptist Memorial Hospital Memphis - Women's Campus  
6225 Humphreys Blvd., Memphis, TN, 38120

Baptist Rehab  
440 Powell Road, Collierville, TN, 38017

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice



Baptist Women's Health Center  
4545 Poplar Avenue, Memphis, TN, 38117

Baptist Women's Health Center  
50 Humphreys Boulevard, Suite 23, Memphis, TN, 38120

GI Specialists  
d/b/a GI Specialists  
80 Humphreys Center Dr. #200, Memphis, TN, 38120

Stern Cardiovascular Clinic Outpatient Diagnostics  
8060 Wolf River Boulevard, Germantown, TN, 38138

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 4 /Survey and Certification Staff

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice



## **Official Accreditation Report**

Baptist Memorial Hospital - Memphis  
6019 Walnut Grove Road  
Memphis, TN 38120

**Organization Identification Number: 7869**

**Evidence of Standards Compliance (45 Day) Submitted: 7/24/2014**

## The Joint Commission

### Executive Summary

**Program(s)**  
Hospital Accreditation

**Submit Date**  
7/24/2014

**Hospital Accreditation :** As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.  
You will have follow-up in the area(s) indicated below:

- Measure of Success (MOS) – A follow-up Measure of Success will occur in four (4) months.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

## The Joint Commission

### Requirements for Improvement – Summary

Program	Standard	Level of Compliance
HAP	EC.02.03.01	Compliant
HAP	EC.02.05.01	Compliant
HAP	IC.02.02.01	Compliant
HAP	LS.02.01.34	Compliant
HAP	MM.02.01.01	Compliant
HAP	NPSG.03.05.01	Compliant
HAP	PC.01.02.07	Compliant
HAP	PC.01.03.01	Compliant
HAP	PC.02.01.03	Compliant
HAP	PC.02.01.11	Compliant
HAP	PC.03.01.03	Compliant
HAP	PC.03.01.07	Compliant
HAP	PC.04.01.05	Compliant
HAP	RC.02.01.03	Compliant

# The Joint Commission Summary of CMS Findings

**CoP:** §482.23      **Tag:** A-0385      **Deficiency:** Compliant

**Corresponds to:** HAP

**Text:** §482.23 Condition of Participation: Nursing Services

The hospital must have an organized nursing service that provides 24-hour nursing services. The nursing services must be furnished or supervised by a registered nurse.

CoP Standard	Tag	Corresponds to	Deficiency
§482.23(b)(4)	A-0396	HAP - PC.01.03.01/EP1	Compliant

**CoP:** §482.41      **Tag:** A-0700      **Deficiency:** Compliant

**Corresponds to:** HAP

**Text:** §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.34/EP2	Compliant

**CoP:** §482.42      **Tag:** A-0747      **Deficiency:** Compliant

**Corresponds to:** HAP - EC.02.05.01/EP6

**Text:** §482.42 Condition of Participation: Infection Control

The hospital must provide a sanitary environment to avoid sources and transmission of infections and communicable diseases. There must be an active program for the prevention, control, and investigation of infections and communicable diseases.

**CoP:** §482.51      **Tag:** A-0940      **Deficiency:** Compliant

**Corresponds to:** HAP - IC.02.02.01/EP2

**Text:** §482.51 Condition of Participation: Surgical Services

If the hospital provides surgical services, the services must be well organized and provided in accordance with acceptable standards of practice. If outpatient surgical services are offered the services must be consistent in quality with inpatient care in accordance with the complexity of services offered.

CoP Standard	Tag	Corresponds to	Deficiency
§482.51(b)(6)	A-0959	HAP - RC.02.01.03/EP7	Compliant

**CoP:** §482.52      **Tag:** A-1000      **Deficiency:** Compliant

**Corresponds to:** HAP

**The Joint Commission  
Summary of CMS Findings**

**Text:** §482.52 Condition of Participation: Anesthesia Services

If the hospital furnishes anesthesia services, they must be provided in a well-organized manner under the direction of a qualified doctor of medicine or osteopathy. The service is responsible for all anesthesia administered in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.52(b)(3)	A-1005	HAP - PC.03.01.07/EP8	Compliant

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**CoP:** §482.56      **Tag:** A-1123      **Deficiency:** Compliant

**Corresponds to:** HAP

**Text:** §482.56 Condition of Participation: Rehabilitation Services

If the hospital provides rehabilitation, physical therapy, occupational therapy, audiology, or speech pathology services, the services must be organized and staffed to ensure the health and safety of patients.

CoP Standard	Tag	Corresponds to	Deficiency
§482.56(b)	A-1132	HAP - PC.02.01.03/EP7	Compliant

## **State Survey/Inspection**

### **Orderly Development 4 (B)**



STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
WEST TENNESSEE HEALTH CARE FACILITIES  
781-B AIRWAYS BOULEVARD  
JACKSON, TENNESSEE 38301

November 19, 2007

Mr. Jason Little, Administrator  
Baptist Memorial Hospital  
6019 Walnut Grove Road  
Memphis, TN 38120

RE: Full Survey

Dear Mr. Little:

On October 17, 2007, a full survey was completed at your facility. Your plan of correction for this survey has been received and was found to be acceptable.

Thank you for the consideration shown during this survey.

Sincerely,

Celia Skelley, MSN, RN  
Public Health Nurse Consultant I

CES/TJW

## **Emergency Department CPT and ESI Definitions**

## **Emergency department CPT codes - 99281, 99282, 99283**

99281 Emergency department visit for the evaluation and management of a patient, which requires these 3 key components: A problem focused history; A problem focused examination; and Straightforward medical decision making. Counseling and/or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the presenting problem(s) are self limited or minor.

99282 Emergency department visit for the evaluation and management of a patient, which requires these 3 key components: An expanded problem focused history; An expanded problem focused examination; and Medical decision making of low complexity. Counseling and/or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the presenting problem(s) are of low to moderate severity.

99283 Emergency department visit for the evaluation and management of a patient, which requires these 3 key components: An expanded problem focused history; An expanded problem focused examination; and Medical decision making of moderate complexity. Counseling and/or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the presenting problem(s) are of moderate severity.

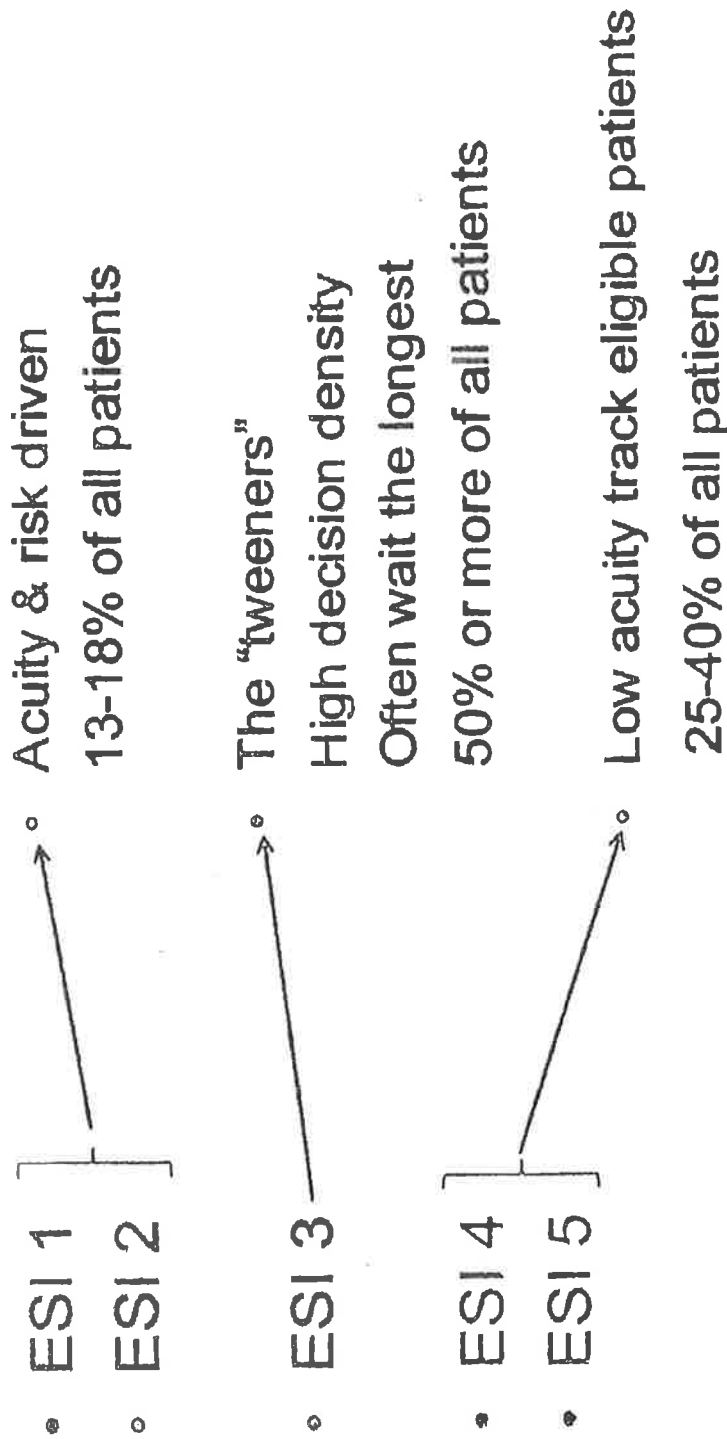
99284 Emergency department visit for the evaluation and management of a patient, which requires these 3 key components: A detailed history; A detailed examination; and Medical decision making of moderate complexity. Counseling and/or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the presenting problem(s) are of high severity, and require urgent evaluation by the physician but do not pose an immediate significant threat to life or physiologic function.

99285 Emergency department visit for the evaluation and management of a patient, which requires these 3 key components within the constraints imposed by the urgency of the

patient's clinical condition and/or mental status; A comprehensive history; A comprehensive examination; and Medical decision making of high complexity. Counseling and/or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the presenting problem(s) are of high severity and pose an immediate significant threat to life or physiologic function.

99288 Physician direction of emergency medical systems (EMS) emergency care, advanced life support

## How ESI is just another 3-level system if not further stratified ....

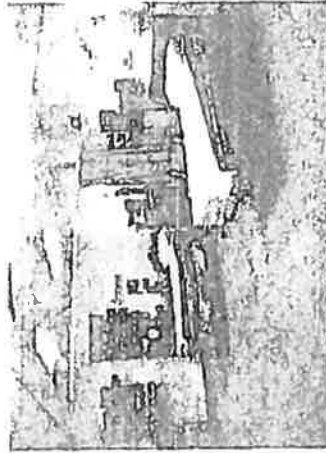


## Emergency Severity Index, Conceptual, v4

Level 1: Requires immediate life-saving intervention?	
Level 2: High risk situation? <u>OR</u> Confused / lethargic / disoriented? <u>OR</u> Severe pain / distress?	
Level 3: 2 or more resources	
Level 4: 1 resource	
Level 5: 0 resources	
Acuity levels and anticipated resources as judged by the experienced emergency department RN.	

## Characteristics of ESI triage

- 5 levels
- Easy to use
- Levels based on:
  1. Acuity
  2. Expected resource utilization
- Levels assigned using 4 decisions points (A-D)
- Vital signs less prominent in decision-making (decision point D)





## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

June 1, 2017

Arthur Maples  
Baptist Memorial Hospital  
350 North Humphreys Blvd  
Memphis, TN 38120

RE: Certificate of Need Application -- Baptist Memorial Hospital - CN1705-018

The establishment of a full service, 24 hour per day/7 day per week satellite emergency department to be located at an unnamed street address near the intersection of Interstate 40 and Airline Road in Arlington (Shelby County), Tennessee 38002. The proposed facility will be operated as a satellite emergency department of Baptist Memorial Hospital located at 6019 Walnut Grove Road in Memphis (Shelby County) and will have 8 treatment rooms and will provide emergency diagnostic and treatment services. The project will be developed, operationalized, marketed, and funded through a joint operating agreement between Baptist Memorial Hospital and Regional One Health. The estimated project cost is \$10,016,611.

Dear Mr. Maples:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is [Trent.Sansing@tn.gov](mailto:Trent.Sansing@tn.gov) or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on June 1, 2017. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on August 23, 2017.

Mr. Maples  
June 1, 2017  
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (6) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (7) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill  
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)


Phone: 615-741-2364

Fax: 615-741-9884

---

#### MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM: Melanie M. Hill   
Executive Director

DATE: June 1, 2017

RE: Certificate of Need Application  
Baptist Memorial Hospital - CN1705-018

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on June 1, 2017 and end on August 1, 2017.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Arthur Maples

1111



**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
 502 Deaderick Street  
 Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

MAY 10 10 17 AM 11:19

**LETTER OF INTENT**

The Publication of Intent is to be published in the Commerical Appeal which is a newspaper  
 of general circulation in Shelby and other counties in, Tennessee, on or before May 10, 20 17,  
 for one day.  
 (Name of Newspaper)  
 (County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Baptist Memorial Hospital Hospital  
 (Name of Applicant) (Facility Type-Existing)

owned by: itself with an ownership type of Corporation

and to be managed by: itself intends to file an application for a Certificate of Need for: construction and establishment of a satellite Emergency Department to be operated under the license of Baptist Memorial Hospital. The proposed new facility will have 8 treatment rooms and will include various supportive service such as CT, X-Ray and ultra-sound. Baptist Memorial Hospital is located at 6019 Walnut Grove Road, Memphis, Shelby County, Tennessee 38120. The building containing the proposed satellite emergency facility and other community-based health services will be located North of the intersection of Interstate 40 and Airline Road on the east side, in Arlington, TN, 38002. This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required. The total project cost for purposes of the certificate of need application is estimated at \$10,016,611

The anticipated date of filing the application is: May 15, 20 17

The contact person for this project is Arthur Maples Director Regulatory Planning & Policy  
 (Contact Name) (Title)

who may be reached at: Baptist Memorial Health Care Corporation 350 N. Humphreys Blvd  
 (Company Name) (Address)

Memphis TN 38120 901-227-4137  
 (City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] 5/9/2017 Arthur.Maples@bmhcc.org  
 (Signature) (Date) (E-mail Address)

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth** day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency**  
**Andrew Jackson Building, 9<sup>th</sup> Floor**  
**502 Deaderick Street,**  
**Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

# Supplemental #1

Baptist Memorial Hospital

CN1705-018

**May 31, 2017**

**12:15 pm**

MAY 31 '17 PM 12:16

Phillip Earhart, HSD Examiner  
Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> floor  
Nashville, TN 37243

RE: Certificate of Need Application 1705-018  
Baptist Memorial Hospital  
Satellite Emergency Department in Arlington

Dear Mr. Earhart

Enclosed are the responses to the need for clarification or additional discussion on items in the CON application referenced above.

Please contact me if you need additional information. Thank you for your attention.

Sincerely,



Arthur Maples  
Dir. Regulatory Planning & Policy

Enclosure

**May 31, 2017**

**12:15 pm**

## **SUPPLEMENTAL RESPONSES**

**SATELLITE EMERGENCY DEPARTMENT  
IN ARLINGTON**

**BAPTIST MEMORIAL HOSPITAL**

**CN1705-018**

**May 31, 2017****12:15 pm****1. Section A., Executive Summary A, Item 1**

Please clarify if an ambulance will be stationed at the satellite ED 24 hours/day, 7 days/week, 365 days/year for life-threatening transports to full service hospitals.

It is noted the proposed site will have a helipad. Briefly describe the reasons that air transport may be necessary for transfer of Level I or II Emergency Severity Index (ESI) patients who require immediate air evacuation to major trauma centers.

Please provide an overview of the applicant's experience in operating a satellite emergency facility.

**Response:**

Ambulance service will be available 24 hours/day, 7 days/week, 365 days/year for life-threatening transports to full service hospitals. Baptist will have an ambulance stationed at the FSED 24 hr/day, 7 days/week.

Baptist Memorial Hospital has traditionally had an agreement with an ambulance company to provide ambulance transfer services. Baptist recently selected Knoxville-based Priority Ambulance to provide patient transport services between Baptist hospitals in Greater Memphis. A dispatch center is located with nurses in the Baptist Patient Placement Center which will have continuous direct contact with the FSED. The service includes a specialized pediatric ambulance to transport children treated at the Spence and Becky Wilson Baptist Children's Hospital.

A helipad is located at the FSED because there are no hospitals in the immediate area. The closest hospital with a helipad is St Francis Bartlett that is approximately 10 miles away. In cases of ESI levels 1 and 2, depending on environmental conditions, a helicopter may be the best mode of transportation to an immediate major trauma center. The affiliation with Regional One will enhance communication of the patient's medical condition after stabilization.

Baptist Memorial Hospital has operated emergency facilities for more than 100 years. While none of the current facilities are freestanding emergency departments, the emergency departments at community hospitals operated by Baptist memorial, such as Baptist Memorial Hospital - Collierville and Baptist Memorial Hospital - Tipton are comparable to the Freestanding Emergency Department setting. In addition, Team Health physicians have experience in operating FSEDs and staff have researched operational requirements. Transfers are part of the existing operations for the system in moving patients from a community hospital based ED to a facility that can appropriately provide services for more complex needs. The satellite emergency

**SUPPLEMENTAL #1**

**May 31, 2017**

**12:15 pm**

facility will be operated in a manner consistent with other BMH emergency departments.

**May 31, 2017****12:15 pm****2. Section A., Executive Summary A, Item 3 (Service Area)**

The point ZIP code in the proposed service area is noted. Please clarify if the point ZIP code number population is included in the main ZIP Code count.

Please provide the names of areas assigned to the point ZIP codes listed in the table on page 3.

**Response:**

For identifying ED visits in the CON application, the ZIP location comes from the Discharge Data Base that is derived from patient billing records. Only one ZIP code for each visit is given in the data set, so the point ZIP patient populations are not included in the main ZIP code count.

The names associated with the Point Zip Codes are shown in parenthesis after each code below. The look-up is at this link: <https://tools.usps.com/go/ZipLookupAction!input.action?mode=2&refresh=true>

County	City	Enclosing Zip Codes	Point Zip Codes
Shelby	Arlington	38002	38014 (Brunswick)
Haywood	Brownsville	38012	
Shelby	Cordova	38016	
Shelby	Cordova	38018	38088 (Cordova)
Shelby	Eads	38028	
Tipton	Mason	38049	
Shelby	Millington	38053	38054(Millington-Naval), 38055(Millington-Naval), 38083(Millington)
Fayette	Oakland	38060	38048 (Macon)
Fayette	Somerville	38068	38010(Braden), 38036(Galloway), 38045(Laconia)
Haywood	Stanton	38069	
Fayette	Williston	38076	
Shelby	Bartlett	38133	
Shelby	Bartlett	38135	

**May 31, 2017****12:15 pm****3. Section A., Executive Summary A, Item B.1. Rationale for Approval, 1. Need**

The applicant notes Regional One Medical Center averaged 48.5 hours diversion per month over the last 6 months of 2016. Please discuss and define what is meant by "diversion".

**Response:**

Diversion can occur when a facility notifies Emergency Medical Services (EMS) of extensive service demand and wait times. It is clarified from references below from Bureau of Health Licensure and Regulation Division of Emergency Medical Services.

~Rule 1200-12-01-.21 (2) (b) 4 and 5 page 79 and 80

4. If the Trauma Center chosen as the patient's destination is overloaded and cannot treat the patient, Trauma Medical Control shall determine the patient's destination. If Trauma Medical Control is not available, the patient's destination shall be determined pursuant to regional or local destination guidelines.

5. A transport may be diverted from the original destination:

- (i) if a patient's condition becomes unmanageable or exceeds the capabilities of the transporting unit; or
- (ii) if Trauma Medical Control deems that transport to a Level I Trauma Center is not necessary

~Rule 1200-12-01-.21 (3) pg 80

2. Pediatric medical emergency transport may be diverted from the original destination if the patient's condition becomes unmanageable or exceeds the capability of the transporting unit, in which case the patient should be treated at the closest facility.

Excerpts from a 2006 article published by the American College of Emergency Physicians (ACEP) provide more information:

AD, the practice of rerouting ambulances away from the closest ED, is used for a variety of reasons. In some instances, individuals may request to be diverted to a specific facility for personal preferences (e.g., insurance, primary-care physician, regional specialist).

If approved, how will this project help to improve diversion at Regional One Medical Center?

**Response:**

Diversion is an indication that overcrowding is a problem. The ACEP study previously referenced explains that surge capacity involves other hospitals and facilities. The FSED will be additional capacity in the community.

**May 31, 2017****12:15 pm**

The emergency department (ED) plays a unique role in the U.S. health system. As the so-called safety net of the system, the ED is expected to care for any patient, at any time, under any circumstance. Implicit in this role as a safety net is the concept that EDs have surge capacity, or the ability to effectively care for patients despite volume, severity of illness, or resource utilization that is above the usual daily ED practice. Surge capacity may be required in predictable patterns (daily or seasonal variation in ED volume) or in unpredictable, large mass-casualty events (natural and unnatural). Surge capacity involves more than a single hospital or ED. ....

**May 31, 2017****12:15 pm****4. Section A, Project Details, Item 4.B Ownership**

Please provide a copy of the joint operating agreement between BMH and Regional One Health (ROH). Please clarify if the joint operating agreement has been approved by Centers for Medicare and Medicaid Services. The applicant has provided funding letters where ROH will contribute 40% and BMH will contribute 60% of the capital to fund the project. However, there is no document provided by the applicant that documents the funding arrangement. Without such documentation, final feasibility of the project is in question.

**Response:**

The letter of intent between BMH and ROH with respect to the joint operating agreement was inadvertently omitted from the original application and a copy is attached. This letter of intent confirms the funding arrangement. The joint operating agreement is not subject to review and approval of CMS, and the arrangement will comply with all of the CMS requirements for the facility to be considered provider-based as to BMH. The definitive joint operating agreement between BMH and ROH will be consistent with the arrangement described in the Baker Donelson letter dated February 17, 2016, referenced below. That arrangement was reviewed in depth by the Department of Health, and the Department concluded that the facility could be properly licensed as part of BMH.

Information was provided to the Agency when it considered the application for Baptist Memorial Hospital, Lakeland, CN1508-037, including the attached letter from the Office of General Counsel for the Department of Health, which concluded that the arrangement between Baptist Memorial Hospital and Regional One Health would not violate any licensing statutes or rules. The arrangement reviewed in connection with CN1508-037 will be the same for the proposed project.

During the November 18, 2015 Agency meeting regarding Baptist Memorial Hospital Satellite ED (Lakeland), Agency members deferred the application for 60 days pending clarification from the Tennessee Department of Health regarding the joint operating agreement (JOA) and CMS's approval. Are there currently any outstanding issues with the arrangement?

**Response:**

There are no issues with this JOA arrangement as demonstrated:

- at the conclusion of the Department of Health's evaluation regarding the Lakeland application in April 2016, and
- again presented in the FSED proposal for Arlington in CON Application- CN1701-005D, without concern from the Department of Health, on April 26, 2017.

**May 31, 2017****12:15 pm**

Following is an excerpt from page 1 of the Review by the Department of Health Division of Policy, Planning and Assessment:

...through a joint operating agreement between BMH and Regional One Health (ROH). This is the same relationship that was discussed with HSDA and Licensure in previous applications.

It is noted ROH will contribute 40% funding for the project. Please describe and list what contribution ROH will provide to the operation of the FSED other than a 40% funding contribution.

**Response:**

ROH's additional contributions will be through its participation in the Board for Joint Operating Agreement. In the pre-operational phase, the Board will make decisions about design, final terms with the developer, equipment purchases and development of initial operating and capital budgets. After the facility is built and licensed as part of BMH, the Board will act essentially in an advisory capacity to develop best practices, quality of care measures, quality assurance programs, utilization review and clinical protocols. The activities and input of the Board are subject to the understanding that BMH will be solely in control of personnel, management, oversight of the service line director and other operational functions and decisions. All clinical services, medical staff functions, medical records, reporting relationships and controls, billing and administrative functions will be fully integrated with BMH.

# Joint Operating Agreement

**May 31, 2017**

**12:15 pm**

January 23, 2017

Baptist Memorial Hospital d/b/a Baptist Memorial Hospital, Inc. – Memphis  
Attn: Jason Little, President and CEO  
350 N. Humphreys Blvd. Memphis, TN 38120

Re: Joint Operating Agreement for the Operation of Free Standing Emergency Departments  
between Baptist Memorial Hospital, Inc., a Tennessee nonprofit corporation d/b/a Baptist  
Memorial Hospital – Memphis ("Baptist") and Shelby County Health Care Corporation, a  
Tennessee nonprofit corporation d/b/a Regional One Health ("Regional One")

Dear Jason:

The purpose of this Letter of Intent is to confirm the intent of Regional One to enter into a Joint  
Operating Agreement (the "FED JOA") with respect to the development of freestanding emergency  
departments in the Memphis metropolitan service area in a manner consistent with the provision of the  
term sheet attached hereto as Exhibit A (the "Term Sheet") and the chart attached hereto as Exhibit B.

While the terms and conditions set forth in the Term Sheet constitutes a good faith summary by the  
parties of their intent with respect to the FED JOA and the filing of a certificate of need application by  
Baptist, the Term Sheet does not contain all of the critical terms of the proposed FED JOA and is subject  
to the terms and conditions set forth in a formally executed FED JOA.

Please feel free to contact us if you have any questions. We look forward to working with you to finalize  
this transaction.

Sincerely

Robert L. Wood, M.D., President and CEO,  
Shelby County Health Care Corporation  
d/b/a Regional One Health

ACKNOWLEDGED AND AGREED TO THIS 25<sup>TH</sup> DAY OF JANUARY 2017

Baptist Memorial Hospital, Inc. d/b/a  
Baptist Memorial Hospital-Memphis

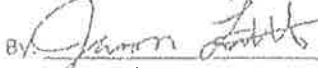
By:   
Jason Little, President and CEO

Exhibit A

Baptist Memorial Hospital Inc.  
Regional One Health  
Freestanding Emergency Department Project

Baptist Memorial Hospital Inc./Proposal for Emergency Service Venture:

- Baptist Memorial Hospital Inc., through its controlled hospital affiliated Baptist Memorial Hospital-Memphis (Baptist), has developed a plan and pro-forma financial analysis for the provision of free-standing emergency department ("FED") services in the Memphis metropolitan service area.
- The site will be located east of the intersection of I-40 and Airline Road and will be operated under a JOA collaborative arrangement (the "FED JOA")
- Capital costs (via the LLC) and profits/losses (via the FED JOA) will be shared 60% by Baptist and 40% by Regional One with respect to the FEDs to be developed under the FED JOA.
- Baptist will file CON applications for the FED site. Regional One will provide input on, comment on, and have the right to approve all FED CON applications such consent not to be unreasonably withheld.
- The FED will comply with all requirements to be licensed by Baptist Memorial Hospital, Inc.

Join Operating Agreement (JOA) Model

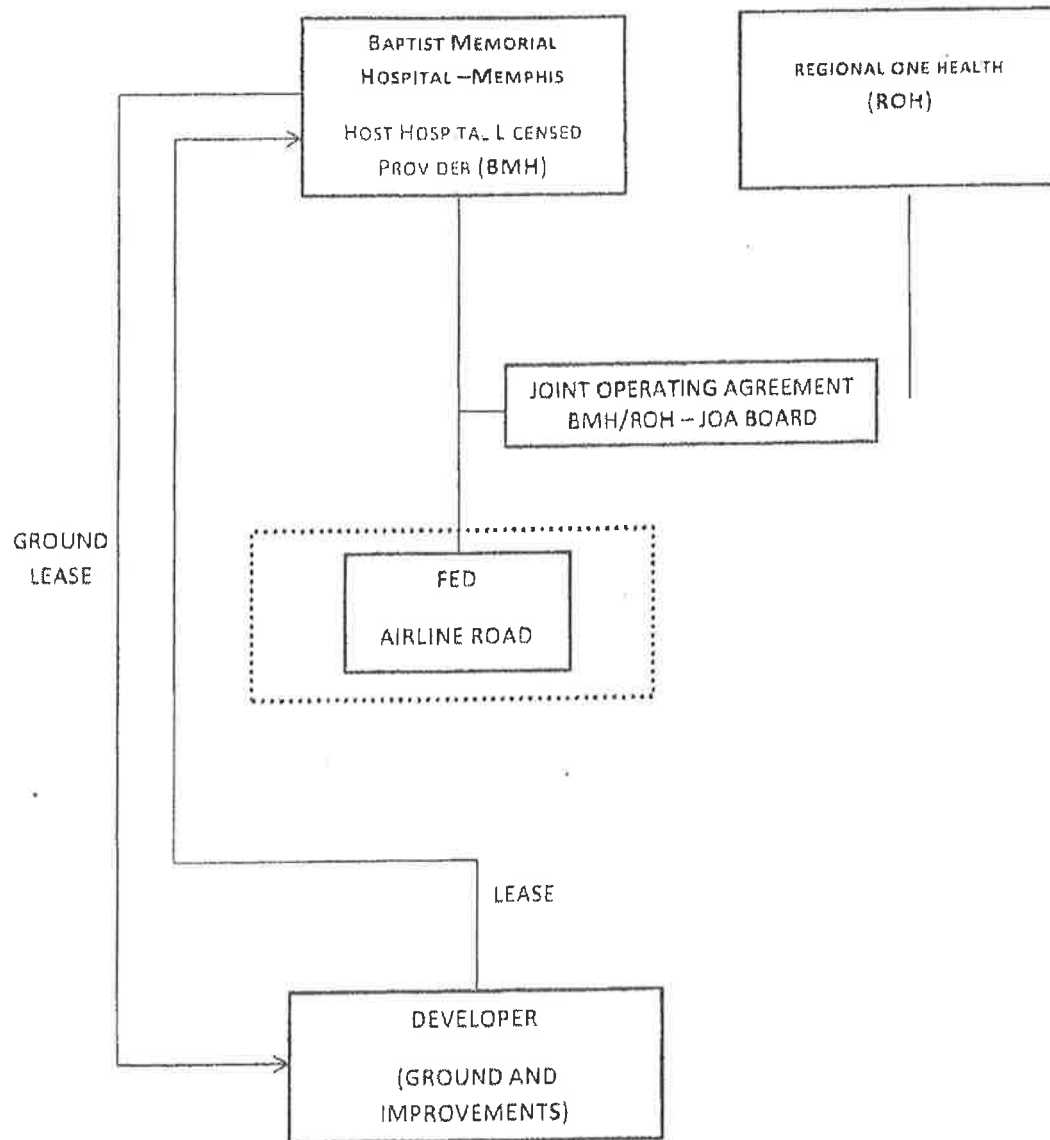
- The FED would be provider-based to the host hospital. Baptist would be the host hospital for all the FED site.
- Baptist and Regional One would establish a JOA Governing Board, with Baptist and Regional One holding an equal number of Board positions, to govern the FED site.
- The FED host hospital would delegate to the JOA Board certain powers, including the authority to recommend operating and capital budgets, oversight of FED management and the ability to allocate resources relative to the FED service line, consistent with the provider based rules.
- Once a FED becomes operational, the budgeting, personnel, management, service line director, contracting, and similar decisions will become items with respect to which the host hospital must reserve final approval due to the provider-based rules.

**May 31, 2017**

**12:15 pm**

Exhibit B

Baptist Memorial Hospital, Inc.  
Regional One Health  
Freestanding Emergency Department Project



**May 31, 2017**

**12:15 pm**

# Baker Donelson Letter

**May 31, 2017****12:15 pm****BAKER DONELSON**  
BEARMAN, CALDWELL & BERKOWITZ, PCBAKER DONELSON CENTER,  
SUITE 800  
211 COMMERCIAL STREET  
NASHVILLE, TENNESSEE 37201MAILING ADDRESS:  
P.O. BOX 190613  
NASHVILLE, TENNESSEE 37219

PHONE: 615.726.5600

www.bakerdonelson.com

RICHARD G. COWART, SHAREHOLDER  
Direct Dial: 615.726.5660  
Direct Fax: 615.744.5660  
E-Mail Address: rcowart@bakerdonelson.com

February 17, 2016

Gregory M. Duckett, Esq.  
Senior Vice President & General Counsel  
Baptist Memorial Health Care Corporation  
350 North Humphreys Boulevard-Fifth Floor  
Memphis, TN 38120-2177

Re: Freestanding Emergency Department

Dear Greg:

The purpose of this correspondence is to overview the provider-based status for the freestanding emergency department proposed by BMH-Memphis to be constructed at the intersection of Highway 64 and Canada Road, Lakeland, Tennessee (the "Lakeland Site"), subject to CON approval (the "FED"). The FED will be included in a proposed Joint Operating Agreement ("JOA") with Regional One Health ("ROH"). The proposed JOA provides for the sharing of financial results after the facility is operational, but does not create a joint venture for ownership, governance or the operations of the health care services.

The proposed FED will be off-campus to BMH-Memphis, and I will briefly review the provider-based attestation that BMH-Memphis will be required to make:

1. Ownership and Control 42 C.F.R. §413.65(e)(1). Medicare regulations permit provider-based status for off-campus facilities so long as, among other requirements, the facility seeking provider-based status is under the ownership and control of the main provider as evidenced by the following:

- the business enterprise that constitutes the facility is 100 percent owned by the main provider;
- the main provider and the facility seeking provider-based status have the same governing body;

NRGC 1634688 v2  
2132202-098053 02/18/2016

ALABAMA FLORIDA GEORGIA LOUISIANA MISSISSIPPI TENNESSEE TEXAS WASHINGTON, D.C.

**May 31, 2017****12:15 pm**

Gregory M. Duckett, Esq.  
February 17, 2016  
Page 2

- the facility seeking provider-based status is operated under the same organizational documents as the main provider (e.g., subject to common bylaws and operating decisions of the governing board of the main provider); and
- the main provider has final responsibility for administrative decisions, final approval for contracts with outside parties, final approval for personnel actions, final responsibility for personnel policies, and final approval for medical staff appointments in the facility.

The proposed JOA with ROH allows ROH to participate in the FED LLCs and the results of operations, but it does not displace the ownership and control of BMH in the FED clinical departmental service line. The proposed FED would be in compliance with the Medicare provider-based regulations regarding ownership and control. BMH-Memphis intends to attest to the provider-based certifications accordingly, as follows:

- Ownership. BMH-Memphis will own the FED service line.
- Governance. BMH-Memphis and the FED will have the same BMH-Memphis governing body.
- Organization. The FED will be operated under the BMH-Memphis organizational documents (i.e., common medical staff, bylaws), and the FED is subject to common operating decisions flowing from BMH-Memphis administration.

2. Administration and Supervision - 42 C.F.R. §413.65(e)(2). Medicare regulations provide the following regarding administration and supervision for off-campus provider-based site:

- The provider-based entity is under the direct supervision of the main hospital.
- The provider-based entity is operated under the same monitoring and oversight by the main hospital as any other department of the main hospital, and is operated just as any other department of the main hospital with regard to supervision and accountability. The director or individual responsible for daily operations at the provider-based entity:
  - maintains a reporting relationship with a manager at the main hospital that has the same frequency, intensity, and level of accountability that exists in the relationship between the main hospital and its departments; and
  - is accountable to the governing body of the main hospital, in the same manner as any department head of the provider.
- The following administrative functions of the provider-based entity are integrated with those of the main hospital: billing services, medical records, human resources,

**May 31, 2017****12:15 pm**

Gregory M. Duckett, Esq.  
February 17, 2016  
Page 3

payroll, employee benefit package, salary structure, and purchasing services. Either the same employees or group of employees handle these administrative functions for the provider-based entity and the main hospital, or the administrative functions for both the entity and the main hospital are: a) contracted out under the same contract agreement; or b) handled under different contract agreements, with the contract of the entity being managed by the main hospital.

BMH-Memphis will meet each of these criteria in the proposed JOA:

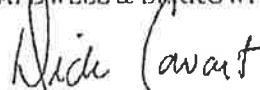
- The FED will be directly supervised by BMH-Memphis.
- FED will be a component part of the BMH-Memphis emergency department reporting directly to the departmental manager and with oversight from the BMH-Memphis Board.
- The enumerated administrative functions (e.g. billing, medical records, human resources, et al.) for the FED will all be provided by BMH-Memphis.

The CMS' central office has issued guidance regarding provider-based on-campus and off-campus joint ventures. CMS has not issued guidance on joint operating arrangements. The proposed JOA is not a joint venture for health law or other purposes. We have had conceptual discussions regarding various operating structures that are not joint ventures. The CMS position has consistently been that the provider-based attestation controls. If the provider-based sponsor can accurately attest to the provider-based elements, CMS then may certify the location as being provider-based.

I hope this is responsive to your inquiry. Please contact me if you have any additional questions.

Sincerely,

BAKER, DONELSON, BEARMAN,  
CAI, SWELL & BERKOWITZ, PC



Richard G. Cowart

RGC:jwn

**May 31, 2017**

**12:15 pm**

Office of General Counsel for  
the Department of Health  
Letter

**May 31, 2017**

**12:15 pm**



STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
**OFFICE OF GENERAL COUNSEL**

665 Mainstream Drive, Second Floor  
Nashville, Tennessee 37243  
Telephone: (615) 741-1611  
Facsimile: (615) 532-3386 or (615) 532-7749

**BILL HASLAM**  
GOVERNOR

**JOHN J. DREYZEHNER, MD, MPH, FACOEM**  
COMMISSIONER

kyonzte.hughes-toombs@tn.gov

**VIA US Mail and Email**

February 11, 2016

Dan H. Elrod  
Butler Snow LLP  
150 3rd Avenue South, Suite 1600  
Nashville, TN 37201  
dan.elrod@butlersnow.com

Richard G. Cowart  
Attorney at Law  
Baker Donelson Center  
211 Commerce Street  
Nashville, Tennessee 37201  
dcowart@bakerdonelson.com

Re: Baptist Memorial Hospital and Regional One Health

Dear Mr. Elrod & Mr. Cowart:

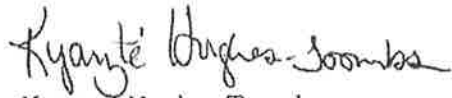
On December 17, 2015, you both, along with other representatives from Baptist Memorial Hospital and Regional One Health, in Memphis, Tennessee, met with me, Devin Wells (Deputy General Counsel), Vincent Davis (Director of the Office of Health Care Facilities), and Ann Reed (Director of Licensure). After hearing your explanation of the proposed freestanding emergency department, it is the opinion of the Office of General Counsel that Baptist Memorial Hospital is the sole operator of the freestanding emergency department and that Regional One Health serves primarily as an investor with input in the operations of the emergency department but no decision making authority. As presented to us on December 17, 2015, there is no violation of any of the rules and regulations related to the Board for Licensing Health Care Facilities.

If you have any further questions or concerns, feel free to contact me.

**May 31, 2017**

**12:15 pm**

Respectfully,

A handwritten signature in black ink that reads "Kyonte Hughes-Toombs". The signature is written in a cursive, flowing style.

Kyonte Hughes-Toombs  
Assistant General Counsel

KHT/af

cc: Ann Reed, Director of Licensure

**May 31, 2017****12:15 pm****5. Section A, Project Details, Item 4.B Legal Interest**

It is noted Baptist Memorial Health Care Corporation owns the 1.65 acre site that is included in an 85 acre parcel of land. What future plans does the applicant have for the remaining acreage at the site?

**Response:**

The site is positioned to grow with the health care needs of Arlington and surrounding communities. Specific plans will be developed in the future. Baptist will work with the community to determine additional health care services and facilities that are commensurate with community need. These additional services may include physician offices, diagnostic imaging and ultimately a community hospital.

Health care facilities and services will not require all of the 85 acre tract. The remainder of the land could be developed as venues for retail, entertainment, food, and hospitality.

**May 31, 2017****12:15 pm****6. Section A, Project Details, Item 6.B 2 Floor Plan**

Please complete the following chart:

**Response:**

The chart is completed below.

Patient Care Areas other than Ancillary Services	# Hospital ED	# proposed Satellite ED	# Combined EDs
Exam/Treatment Rooms	43	8	51
Multipurpose			
Gynecological	2	1 included in exam	2 (1 included in exam)
Holding/Secure/Psychiatric	2 included in exam	1 included in exam	3 included in exam
Isolation	2 included in exam	1 included in exam	3 included in exam
Orthopedic	2		2
Trauma	6	1 included in exam	6 (1 included in exam)
Other	1		1
Triage Stations	3 not rooms	2 not rooms	5 not rooms
Decontamination Rooms/Stations	1 area not room	1 area not room	2 area not rooms
Total	54	8	62
Useable SF of Main and Satellite ED's	37,598	13,750	51,348

Please clarify the location of the ambulance entry and any covered canopy on the floor plan.

**Response:**

Please refer to the indicated notations on the following drawing.

It is noted the applicant reduced ED treatment rooms from 10 in a previous CON application to 8 in this application for the same site. Please discuss ED treatment rooms are now reduced from 10 to 8.

**Response:**

The number of rooms was reduced from 10 to 8 for two primary reasons:

- To create larger trauma space that may occasionally be required for more complex cases.
- The applicant concluded that, lower level of severity will allow treatment spaces to accommodate more visits that at the host hospital, thus reducing the number of treatment rooms required.



**May 31, 2017****12:15 pm****7. Section A, Project Details, Item 6.B 3 Transportation Routes**

It is noted the proposed location is close to Interstate 40. What is the distance of the proposed site from the nearest Interstate 40 exit?

**Response:**

The proposed FSED site is at exit number 25.

From I-40 East, the FSED is approx. 0.6 mile from the exit.

From I-40 West, the FSED is approx. 0.4 mile from the exit.

Please discuss any future Tennessee Department of Transportation improvement projects for the public roads in close proximity to the proposed project.

**Response:**

Communities ranging from tiny Gallaway to fast-growing Oakland stand to benefit from a new interchange to be built on Interstate 40 just east of the Fayette-Shelby county line, local and state officials say.

Construction began in March 2017 on the interchange at Tenn. 196, also known as Hickory Withe Road, just east of the Fayette-Shelby County line. The project is scheduled for completion by Oct. 31, 2018.

This new interchange is located 4 miles east of the New Airline Road exit at Arlington (the exit closest to the proposed FSED) and 5 miles west of the Tenn. 59 interchange. According to TDOT, the interchange will provide direct interstate access to Gallaway, located 2 miles to the north, and a new I-40 link to Arlington, 4.5 miles to the northwest.

5/12/2017

Interstate 40 Interchange at State Route 196 - TN.Gov

# Interstate 40 Interchange at State Route 196

## *Fayette County*

### Overview

The proposed project along Interstate 40 at State Route 196 (Hickory Withe Road) includes construction of a new interchange near mile marker 29 in Fayette County.

### Purpose and Need

Construction of the interchange would make it the first Fayette County access point east of the Memphis Area. The adjacent interchange to the east is at SR 59, a distance of approximately five miles. The adjacent interchange to the west is at SR 205 (New Airline Road) in Shelby County, a distance of four miles.

The closest urban development, the City of Arlington, is located 4.5 miles northwest of the proposed project, and a small community, the City of Gallaway, is located 2.0 miles north of the proposed project. Gallaway annexed the area north of I-40 at the proposed I-40/SR 196 interchange location. The provision of an interchange at this location would allow access to I-40 from areas along both US 64 and SR 1/US 70/US 79. The interchange would also provide direct interstate access to Gallaway and an additional route to Arlington and Somerville.

The entire area surrounding the proposed interchange is contained within the Fayette County Planned Growth Area. SR 196, from Gallaway to Piperton, is also located within the planning area of the Memphis Metropolitan Planning Organization (MPO). The proposed interchange project is consistent with the MPO's 2026 Long Range Transportation Plan (L RTP). In addition, the project was included in the FY 2008-2011 Transportation Improvement Program (TIP).

### Proposed Design

Within the project area, I-40 currently consists of a rural four-lane, controlled-access facility with a grass median and approximately 300 feet of right-of-way (ROW). SR 196 is currently a rural two-lane, non-access-controlled road with a pavement width of 22 feet and approximately 60 feet of ROW.

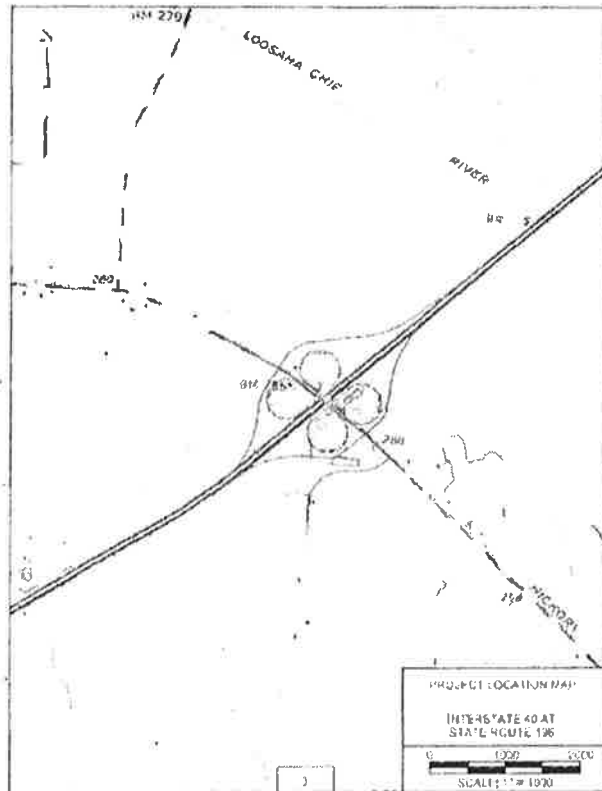
The proposed project would include construction of a standard diamond interchange that permits future construction of loop ramps within all four quadrants. Orr Road, which currently intersects SR 196 immediately south of the interstate, would need to be relocated south of its present location to allow for the construction of the ramp in the southwest quadrant of the proposed interchange. The cross section on SR 196 will be three 12-foot lanes within the interchange (two 12-foot traveling lanes and a 12-foot continuous left-turn lane) and 10-foot shoulders. All interchange ramps would have 16-foot lanes and 6-foot shoulders. The realignment of Orr Road will be designed to meet minimum standards.

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Interstate 40 Interchange at State Route 196 - TN.Gov



**May 31, 2017****12:15 pm****8. Section A, Project Details, Item 10 Bed Complement Data Chart**

It appears ICCU/CCU and obstetrical beds category will change from the current licensed beds to the total beds at completion. Is this a typo? Please clarify. If needed, please review and submit a revised page 10.

What campuses do the 927 licensed BMH beds represent? If possible, please provide a bed complement data chart for each hospital campus licensed under Baptist Memorial Hospital that represents the 927 licensed beds.

**Response:**

A revised page 10 is provided to correct the typographical error.

The bed complement of 927 beds represents three campuses of Baptist Memorial Hospital. At BMH-Memphis, there are 607 beds, At BMH-Collierville there are 81 beds. At BMH for Women there are 140 beds.

Bed charts are provided on the following pages.

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**10. Bed Complement Data**

**A. Please indicate current and proposed distribution and certification of facility beds.**

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical	724	576				724
2) Surgical						
3) ICU/CCU	91	83				91
4) Obstetrical	60	60				60
5) NICU	40	40				40
6) Pediatric	12	12				12
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
<b>TOTAL</b>	<u>927</u>	<u>771</u>				<u>927</u>

*\*Beds approved but not yet in service*

*\*\*Beds exempted under 10% per 3 year provision*

**B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. Attachment Section A-10.**

**Response:** This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required.

**C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.**

**Response:** The applicant does not have any outstanding Certificates of Need that have a licensed bed change component.

<u>CON Number(s)</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>

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	Memphis		Collierville		Womens		TOTAL
	Current Licensed	Beds Staffed	Current Licensed	Beds Staffed	Current Licensed	Beds Staffed	
1) Medical	626	482	74	40	24	24	724
2) Surgical							
3) ICU/CCU	80	74	7	7	4	4	91
4) Obstetrical					60	60	60
5) NICU					40	40	40
6) Pediatric					12	12	12
7) Adult Psychiatric							
8) Geriatric Psychiatric							
9) Child/Adolescent Psychiatric							
10) Rehabilitation							
11) Adult Chemical Dependency							
12) Child/Adolescent Chemical Dependency							
13) Long-Term Care Hospital							
14) Swing Beds							
15) Nursing Home – SNF (Medicare only)							
16) Nursing Home – NF (Medicaid only)							
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)							
18) Nursing Home – Licensed (non-certified)							
19) ICF/IID							
20) Residential Hospice	706	556	81	47	140	140	927
TOTAL							

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**9 Section B, Need, Renovation and Expansion**

Please address the criteria and standards: Construction, Renovation, and Replacement of Health Care Institutions.

**Response:**

**Criteria and Standards: Construction, Renovation, Expansion & Replacement of Health Care Institutions**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

**Response:**

This project is to add a satellite location for outpatient emergency services, or Free Standing Emergency Department (FSED) for Baptist Memorial Hospital-Memphis. Criteria and Standards for FSED have recently been released and are included in the application.

2. For relocation or replacement of an existing licensed health care institution:

**Response:**

N/A This project is to add an additional satellite location for outpatient emergency services and is not a relocation or replacement.

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

**Response:**

The response to 3a is a description of growth in ED Service demand and the available capacity for patients of BMH-Memphis.

**Continuing Growth in Emergency Department visits at BMH-Memphis**

The Emergency Department (ED) at BMH-Memphis, originally named Baptist East, was expanded in 1994 to accommodate 48,000-50,000 visits per year. Another CON application for expansion was approved in 2007 because the ED had again become saturated with approximately 54,089 annual patient visits. Accordingly, a Certificate of Need

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was approved in February 2008 that increased the area to approx. 29,000 sq ft, which according to architectural guidelines places BMH at the top of the capacity for high range estimates which is 60,000 patient visits.

In 2014, BMH-Memphis ED reported 62,451 visits. Visits have been increasing at the rate of 3-5% per year since 2011. Construction related to the 2008 CON was in phases and was active in 2010. It was completed in January 2011. The construction may have caused some people to divert to other locations in 2010. Recently, when the Pediatric Emergency Room was opened in January 2015 with ED services relocated from BMH-Memphis to Baptist Memorial Hospital for Women, only a brief reduction in patients occurred and then it stabilized showing 62,492 visits at BMHM and 10,172 at the Pediatric ED. The total of the 2 is 72,664. In 2016, ED visit at BMH were 66,467 and 19,944 at the Pediatric ED which is a total of 86,411. Projecting the total number of ED visits for 2017 by annualizing the numbers for the first 7 months of FY 2017 indicates that approximately 70,812 visits will occur in FY 2017.

BMH Memphis ED Visits Changes per Fiscal Year											Projected
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BMHM Visits	54,300	55,973	56,966	54,284	56,862	58,333	60,274	62,451	62,492	66,467	70,812
% Change		3.08%	1.77%	-4.71%	4.75%	2.59%	3.33%	3.61%			
PED Visits									10,172	19,944	22,932
TOTAL Visits	54,300	55,973	56,966	54,284	56,862	58,333	60,274	62,451	72,664	86,411	93,744
									16.4%	18.9%	8.5%

3b The emergency department at BMH-Memphis cannot be expanded on site. The portion of the campus where the ED is located is land-locked, and a horizontal expansion is not possible. A vertical expansion would be very expensive, disruptive to operations and would have significant adverse effect on the ability to serve patients.

**10. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) (1) Determination of Need**

Please provide responses (narrative, tables, etc.) to the following questions:

**Determination of Need:**

- a) The determination of need shall be based upon the existing access to emergency services in the proposed service area. The applicant should utilize the metrics below, as well as other relevant metrics, to demonstrate that the population in the proposed service area has inadequate access to emergency services due to geographic isolation, capacity challenges, or low-quality of care.

**Response:**

The only hospital in the service area is Saint Francis-Bartlett (SFB) which is not adequate as evidenced by the fact that a significant number of patients go elsewhere for service. In 2016, over 5,600 patients whose residences are closer to SFB used an ED at a Baptist Hospital, excluding pediatric cases that were served at the BMH Children's ED, in 2016.

- b) The applicant shall provide information on the number of existing emergency department (ED) facilities in the service area, as well as the distance of the proposed FSED from these existing facilities. If the proposed service area is comprised of contiguous ZIP Codes, the applicant shall provide this information on all ED facilities located in the county or counties in which the service area ZIP Codes are located.

**Response:**

The Chart below is also provided in other sections of the application. Hospitals were closed in Fayette county and Haywood county. The closest facility is St Francis Bartlett.

**Distance from Arlington FSED to Hospital EDs**

<b>Hospital</b>	<b>Hospital Address</b>	<b>Distance in Miles</b>
Meth Germ	7691 Poplar Ave. Germantown, TN 38138	16
Meth North	3960 New Covington Pike Memphis, TN 38128	18.9
Meth South	1300 Wesley Dr. Memphis, TN 38116	30.9
Meth Uni	1265 Union Ave. Memphis, TN 38104	27.5

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Bapt Mem	6019 Walnut Grove Rd Memphis, TN 38120	16.7
Bapt Cvle	1500 W Poplar Ave Collierville, TN 38017	23.1
Bapt Tipton	1995 Hwy 51 S Covington, TN 38019	23.7
Delta	3000 Getwell Rd Memphis, TN 38118	23.7
St Francis	5959 Park Ave Memphis, TN 38119	19.3
St Francis Bartlett	2986 Kate Bond Rd. Bartlett, TN 38133	9.3
ROH	877 Jefferson Ave Memphis, TN 38103	28

Source: Google Maps

- c) The applicant should utilize Centers for Medicare and Medicaid Services (CMS) throughput measures, available from the CMS Hospital Compare website, to illustrate the wait times at existing emergency facilities in the proposed service area. Data provided on the CMS Hospital Compare website does have a three to six month lag. In order to account for the delay in this information, the applicant may supplement CMS data with other more timely data.

**Response:**

The CMS throughput measures from the CMS Hospital Compare website are shown below.

Baptist Hospitals and Methodist Hospitals have multiple locations under a single provider number for each group and multiple campuses are represented by one report.

The Hospital Compare data indicate that Baptist ED's perform well in the community. Baptist has undertaken rigorous projects to improve patient flow in the ED. Lean production practices have been implemented, tools and techniques have been structured to keep patients moving through the system and patients and families satisfied. Hallway bed utilization occurs daily to facilitate flow in the area that is filled beyond the capacity of the 54 treatment rooms.

As described in the rationale for the FSED criteria, "Host hospitals applying to establish a FSED displaying efficiencies

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in care delivery via high volumes and low wait time should not be penalized in the review of this standard. Most hospitals are expected to demonstrate high quality care in order to receive approval."

ED-1	Median time from ED arrival to ED departure for ED admitted patients
ED-2	Median time from admit decision to departure for ED admitted patients
OP-18	Median time from ED arrival to ED departure for discharged ED patients
OP-20	Door to diagnostic evaluation by a qualified medical professional
OP-22	ED-patient left without being seen



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- d) Because the capacity levels set forth in the *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* are labeled in the document as a "preliminary sizing chart", the applicant is encouraged to provide additional evidence of the capacity, efficiencies, and demographics of patients served within the existing ED facility in order to better demonstrate the need for expansion.

**Response:**

The main ED for Baptist Memphis is at capacity. The characteristics of the patients and complexity of the services place the ED into the High Range ED, which means a larger number of treatment rooms will be necessary.

The functional program of the ED includes part of a Primary Stroke Center with access to Endovascular Services. Baptist is the only health care system in the Mid-South to offer the full spectrum of cardiovascular care, from non-invasive cardiology to heart transplantation.

The Baptist ED has a very high ED Admission rate to sophisticated specialty services, which indicates the severity of patients. In 2015, Baptist Memphis ED admitted 27% of its patients, one of the highest rates in the state.

- e) Please provide the following for each of the existing emergency department facilities in the service area.

ED-1	Median time from ED arrival to ED departure for ED admitted patients
ED-2	Median time from admit decision to departure for ED admitted patients
OP-18	Median time from ED arrival to ED departure for discharged ED patients
OP-20	Door to diagnostic evaluation by a qualified medical professional
OP-22	ED-patient left without being seen

**Response:**

St Francis Bartlett is the only existing emergency department in the service area.

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		St Francis Bartlett	Tennessee	National Average (50th percentile)	National top 10% (90th percentile)
ED-1	Median time from ED arrival to ED departure for ED admitted patients	372 mins	325 mins	335 mins	176 mins
ED-2	Median time from admit decision to departure for ED admitted patients	123 mins	151 mins	134 mins	39 mins
OP-18	Median time from ED arrival to ED departure for discharged ED patients	180 mins	158 mins	171 mins	not avail
OP-20	Door to diagnostic evaluation by a qualified medical professional	37 mins	29 mins	30 mins	not avail
OP-22	ED-patient left without being seen	3%	2%	2%	0%

- f) If the applicant is demonstrating low-quality care provided by existing EDs in the service area, the applicant shall utilize the Joint Commission's "Hospital Outpatient Core Measure Set". These measures align with CMS reporting requirements and are available through the CMS Hospital Compare website. Full details of these measures can be found in the Joint Commission's *Specification Manual for National Hospital Outpatient Department Quality Measures*. Existing emergency facilities should be in the bottom quartile of the state in the measures listed below in order to demonstrate low-quality of care.

OP-1	Median Time to Fibrinolysis
OP-2	Fibrinolytic Therapy Received Within 30 Minutes
OP-3	Median Time to Transfer to Another Facility for Acute Coronary Intervention
OP-4	Aspirin at Arrival
OP-5	Median Time to ECG
OP-18	Median Time from ED Arrival to Departure for Discharged ED
OP-20	Door to Diagnostic Evaluation by a Qualified Medical Personnel
OP-21	ED-Median Time to Pain Management for Long Bone Fracture
OP-23	ED-Head CT or MRI Scan Results for Acute Ischemic Stroke or Hemorrhagic Stroke Patients who Received Head CT or MRI Scan Interpretation With 45 Minutes of ED Arrival

**May 31, 2017****12:15 pm****Response:**

N/A Applicant is not demonstrating low-quality care provided by existing EDs.

- g) The HSDA should consider additional data provided by the applicant to support the need for the proposed FSED including, but not limited to, data relevant to patient acuity levels, age of patients, percentage of behavioral health patients, and existence of specialty modules. These data may provide the HSDA with additional information on the level of need for emergency services in the proposed service area. If providing additional data, applicants should utilize Hospital Discharge Data System data (HDDS) when applicable. The applicant may utilize other data sources to demonstrate the percentage of behavioral health patients but should explain why the alternative data source provides a more accurate indication of the percentage of behavioral health patients than the HDDS data.

See Standard 2, Expansion of Existing Emergency Department Facility, for more information on the establishment of a FSED for the purposes of decompressing volumes and reducing wait times at the host hospital's existing ED.

*Note: Health Planning recognizes that limitations may exist for specific metrics listed above. When significant limitations exist (e.g. there are not adequate volumes to evaluate) applicants may omit these metrics from the application. However, the application should then discuss the limitations and reasoning for omission. Applicants are encouraged to supplement the listed metrics with additional metrics that may provide HSDA with a more complete representation of the need for emergency care services in the proposed service area.*

**Response:**

One of the primary purposes of the last ED facility expansion/renovation was to provide all private treatment spaces for visual and auditory privacy. The main ED for Baptist Memphis is at capacity. The characteristics of the patients and complexity of the services place the ED into the High Range ED, which means a larger number of treatment rooms will be necessary.

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The functional program of the ED includes part of a Primary Stroke Center with access to Endovascular Services. Baptist is the only health care system in the Mid-South to offer the full spectrum of cardiovascular care, from non-invasive cardiology to heart transplantation.

The Baptist ED has a very high ED Admission rate to sophisticated specialty services which indicates the severity of patients. In 2015, Baptist Memphis ED admitted 27% of its patients. That is one of the highest rates in the state.

Relocation of pediatrics to the Women's hospital resulted in primarily adult ED patients at Baptist.

#### **h. Service Area Emergency Department Utilization Data**

HSDA staff strongly encourages the applicant to request data from the Department of Health from the Hospital Data Discharge System (HDDS) for the most current year available for its ZIP Code service area and by affected service area county. The data should include all discharges with an ED flag and should at a minimum include a report on patient destination (where are patients residing in these ZIP Codes seeking ED care), the patient origin by ZIP Code for Baptist affiliated hospitals and Regional One, payor mix of patients residing in each of the service area ZIP Codes (Include a payor mix run for each affected county and an overall statewide run), the acuity of the patients by ZIP Code utilizing CPT Codes 99281-5, and the percentage of ED patients who qualify as behavioral health patients by age group (0-14, 15-17, 18-44, 45-64 and 65+) for the ZIP code service area. The applicant should also include a data run for specialty modules, if applicable.

#### **Response:**

A request for data has been submitted to the Department of Health.

**May 31, 2017****12:15 pm****11. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department)**

**Expansion of Existing Emergency Department Facility:** Applicants seeking expansion of the existing host hospital ED through the establishment of a FSED in order to decompress patient volumes should demonstrate the existing ED of the host hospital is operating at capacity. This determination should be based upon the annual visits per treatment room at the host hospital's emergency department (ED) as identified by the American College of Emergency Physicians (ACEP) in *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* as capacity for EDs. The capacity levels set forth by this document should be utilized as a *guideline* for describing the potential of a respective functional program. The applicant shall utilize the applicable data in the Hospital Joint Annual Report to demonstrate total annual ED volume and annual emergency room visits. The annual visits per treatment room should exceed what is outlined in the ACEP document. Because the capacity levels set forth in the *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* are labeled in the document as a "preliminary sizing chart", the applicant is encouraged to provide additional evidence of the capacity, efficiencies, and demographics of patients served within the existing ED facility in order to better demonstrate the need for expansion. See Standard 1, Demonstration of Need, for examples of additional evidence.

**Response:**

BMH Memphis ED Visits Changes per Fiscal Year from Joint Annual Reports											Projected
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BMHM Visits	54,300	55,973	56,966	54,284	56,862	58,333	60,274	62,451	62,492	66,467	70,812
% Change		3.08%	1.77%	-4.71%	4.75%	2.59%	3.33%	3.61%			
PED Visits									10,172	19,944	22,932
TOTAL Visits	54,300	55,973	56,966	54,284	56,862	58,333	60,274	62,451	72,664	86,411	93,744
									16.4%	18.9%	8.5%

The BMHM ED will exceed 70,000 visits in 2017. As described in "Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition", the characteristics of the patients described above point to using the high range for ED space. The high range estimates from the guide indicate that 70,000 annual ED visits would involve 56 spaces. BMH Memphis currently has 54 spaces and the Departmental gross area as shown in a previous chart is 37,598 sq ft. The range for gross square footage is 46,200-57,750. Included in the CON is a letter from Harold Petty with ESa, the firm

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that designed the last ED expansion, stating that the BMH ED would reach capacity at approx. 62,000-65,000 patient visits per year.

The utilization exceeds what is outlined in the ACEP document and is supported by an architect with knowledge of the facility and patient population.

**FIGURE 5.1. (Cont.)**

Preliminary sizing chart. Courtesy of Huddy HealthCare Solutions.

High Range Estimates										Use this Departmental Gross Area Calculation for Internal Renovations	Use this Building Gross Area if completely new construction or freestanding ED		
See page 118 for notes concerning the information presented in the chart below													
High Range: Sample Distribution of Emergency Department Patient Care Spaces										Capacity	Area per Space DGSF/ Patient Space	Dept Gross Area DGSF/ Dept Gross Square Footprint	1.25 BGSF Multiplier BGSF/ Building Gross Square Footprint
Ref No.	Annual ED Volume	GIA (Care Initiation)	Universal	Isolation	Resusc	Total Main ED	Extended Stay	Total Spaces	Visits/Space				
10	55,000 ED visits	5 Spaces	21 Spaces	4 Spaces	3 Spaces	33 Spaces	11 Spaces	44 Spaces	1,250 visits/sp	850 DGSF/ Space	37,400 DGSF	46,750 BGSF	
11	60,000 ED visits	5 Spaces	23 Spaces	4 Spaces	3 Spaces	35 Spaces	12 Spaces	47 Spaces	1,277 visits/sp	825 DGSF/ Space	38,775 DGSF	48,469 BGSF	
12	65,000 ED visits	6 Spaces	25 Spaces	5 Spaces	3 Spaces	39 Spaces	13 Spaces	52 Spaces	1,250 visits/sp	825 DGSF/ Space	43,500 DGSF	53,625 BGSF	
13	70,000 ED visits	6 Spaces	27 Spaces	5 Spaces	4 Spaces	42 Spaces	14 Spaces	56 Spaces	1,250 visits/sp	875 DGSF/ Space	45,200 DGSF	57,750 BGSF	
14	75,000 ED visits	7 Spaces	29 Spaces	5 Spaces	4 Spaces	45 Spaces	15 Spaces	60 Spaces	1,250 visits/sp	800 DGSF/ Space	48,000 DGSF	60,000 BGSF	

- a) Additionally, the applicant should discuss why expansion of the existing ED is not a viable option. This discussion should include any barriers to expansion including, but not limited to, economic efficiencies, disruption of services, workforce duplication, restrictive covenants, and issues related to access. The applicant should also provide evidence that all practical efforts to improve efficiencies within the existing ED have been made, including, but not limited to, the review of and modifications to staffing levels.

**Response:**

The emergency department at BMH-Memphis cannot be expanded on site. The portion of the campus where the ED is located is land-locked, and a horizontal expansion is not possible. A vertical expansion would be

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very expensive, disruptive to operations and would have significant adverse effect on the ability to serve patients.

- b) Applicants seeking to decompress volumes of the existing host hospital ED should be able to demonstrate need for the additional facility in the proposed service area as defined in the application in accordance with Standard 1, Determination of Need.

**Response:**

Please see response to question 10 and Section B1 Need.

- c) Please respond to all questions above and include where the applicant is currently in the range for the number of emergency department rooms and square footage requirements from the latest ACEP guidelines.

**Response:**

As described in part A of this question, BMHM falls into the high range of the guideline, with 2017 ED visits exceeding 70,000.

**12. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Host Hospital Emergency Department Quality of Care:**

**Host Hospital Emergency Department Quality of Care:** Additionally, the applicant shall provide data to demonstrate the quality of care being provided at the ED of the host hospital. The quality metrics of the host hospital should be in the bottom quartile of the state in order to be approved for the establishment of a FSED. The applicant shall utilize the Joint Commission's hospital outpatient core measure set. These measures align with CMS reporting requirements and are available through the CMS Hospital Compare website. Full details of these measures can be found in the Joint Commission's *Specification Manual for National Hospital Outpatient Department Quality Measures*.

OP-1	Median Time to Fibrinolysis
OP-2	Fibrinolytic Therapy Received Within 30 Minutes
OP-3	Median Time to Transfer to Another Facility for Acute Coronary Intervention
OP-4	Aspirin at Arrival
OP-5	Median Time to ECG
OP-18	Median Time from ED Arrival to Departure for Discharged ED
OP-20	Door to Diagnostic Evaluation by a Qualified Medical Personnel
OP-21	ED-Median Time to Pain Management for Long Bone Fracture
OP-23	ED-Head CT or MRI Scan Results for Acute Ischemic Stroke or Hemorrhagic Stroke Patients who Received Head CT or MRI Scan Interpretation With 45 Minutes of ED Arrival

**Response:**

Data in the following chart indicate that BMH Memphis is slightly higher than the Tennessee 50<sup>th</sup> percentile in OP-18 and OP-20.

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Performance Period	Jul 2015 - Jun 2016		Jul 2015 - March 2016								CY2015	
	ED-1	ED-2	OP-2	OP-3b	OP-4	OP-5	OP-18	OP-20	OP-21	OP-23	OP-22	
<b>BMH - Memphis</b>	274 mins	78 mins	not avail	not avail	100%	10 mins	151 mins	27 mins	56 mins	not avail	2%	
BMH - Memphis Campus	307 mins	99 mins	no cases	no cases	no cases	no cases	201 mins	29 mins	73 mins	60%	2%	
BMH - Women's Campus	205 mins	45 mins	no cases	no cases	100%	8 mins	106 mins	24 mins	45 mins	no cases	2%	
BMH - Collierville Campus	215 mins	49 mins	no cases	no cases	100%	10 mins	158 mins	26 mins	56 mins	0%	2%	
<b>BMH - Tipton</b>	236 mins	42 mins	not avail	not avail	86%	21 mins	135 mins	33 mins	67 mins	5%	2%	
<b>Methodist Hospitals,</b>	303 mins	69 mins	not avail	not avail	75%	11 mins	184 mins	60 mins	31 mins	63%	3%	
Methodist University												
Methodist North												
Methodist South												
Methodist Germantown												
<b>Regional One</b>	421 mins	172 mins	not avail	not avail	not avail	not avail	260 mins	24 mins	90 mins	not avail	8%	
<b>St. Francis - Park</b>	312 mins	103 mins	not avail	not avail	not avail	not avail	190 mins	42 mins	94 mins	not avail	2%	
<b>St. Francis - Bartlett</b>	362 mins	121 mins	not avail	not avail	not avail	not avail	178 mins	35 mins	82 mins	not avail	3%	
<b>Delta Medical Center</b>	320 mins	105 mins	not avail	not avail	not avail	not avail	165 mins	81 mins	87 mins	not avail	8%	
<b>Tennessee</b>	325 mins	151 mins	75%	54 mins	96%	6 mins	158 mins	29 mins	50 mins	66%	2%	
<b>National Average (50th percentile)</b>	335 mins	134 mins	59%	59 mins	96%	7 mins	171 mins	30 mins	52 mins	70%	2%	
<b>National top 10% (90th percentile)</b>	176 mins	39 mins	100%	35 mins	100%	3 mins	not avail	not avail	30 mins	100%	0%	

Current Reporting

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13. **Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Relationship to Existing Similar Services in the Area (3):** The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall include the likely impact of the proposed FSED on existing EDs in the service area and shall include how the applicant's services may differ from existing services. Approval of the proposed FSED should be contingent upon the applicant's demonstration that existing services in the applicant's proposed geographical service area are not adequate and/or there are special circumstances that require additional services.

**Response:**

The application is developed on the basis of the applicant's existing patients and the project does not rely on other providers' current patients. St Francis-Bartlett is the only ED in the service area, and a significant number of patients are currently leaving the service area to seek ED services at other facilities. Patients may choose to use this location for convenience. ED utilization is growing at all hospital and the effect of the proposed FSED on other facilities will be more than offset by growth in volumes that otherwise will occur.

The new FSED will serve counties where other hospitals have closed, and will not directly impact any rural providers. There are no hospitals in Haywood County, which is the only county identified as rural.

**Rural:** The applicant should provide patient origin data by ZIP Code for each existing facility as well as the proposed FSED in order to verify the proposed facility will not negatively impact the patient base of the existing rural providers. The establishment of a FSED in a rural area should only be approved if the applicant can adequately demonstrate the proposed facility will not negatively impact any existing rural facilities that draw patients from the proposed service area. Additionally, in an area designated as rural, the proposed facility should not be located within 10 miles of an existing facility. Finally, in rural proposed service areas, the location of the proposed FSED should not be closer to an existing ED facility than to the host hospital.

**May 31, 2017**

**12:15 pm**

**Response:**

As referenced above, the FSED zip code area does not contain any rural providers.

**Critical Access Hospitals (CAH):** In Tennessee, certain CAHs are not located in rural areas according to the definition of rural provided in these standards. The location of the proposed FSED should not be closer to an existing CAH than to the host hospital.

**Response:**

As stated previously, the new FSED will serve counties where other hospitals have closed, and will not directly impact any rural providers. There are no hospitals in Haywood County, which is the only county identified as rural.

**May 31, 2017**

**12:15 pm**

**14. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency**

**Department) Appropriate Model for Delivery of Care:** The applicant should discuss why a FSED is the appropriate model for delivery of care in the proposed service area.

**Response:**

As previously described, this FSED will serve patients closer to their homes and prevent delay in patient travel and contribute to relieving crowded conditions at BMH Memphis. In addition the providing better access to care, it will be a platform for potential hospital in the future.

**May 31, 2017**

**12:15 pm**

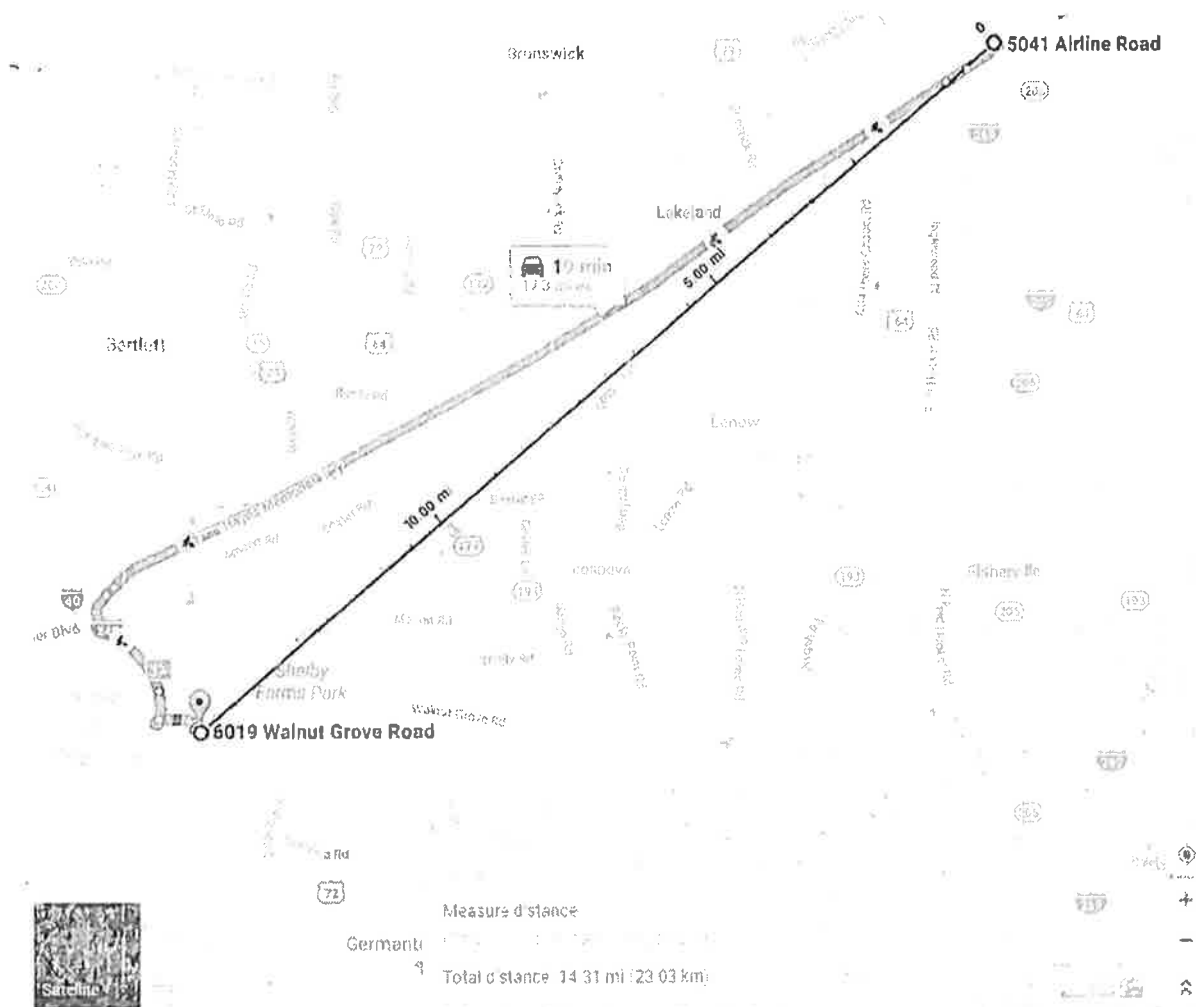
**15. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency**

**Department) Geographic Location:** The FSED should be located within a 35 mile radius of the hospital that is the main provider.

What is straight line mileage of the proposed satellite ED from the Main BMH hospital?

**Response:**

The straight line distance from the main BMH hospital at 6019 Walnut Grove Rd to the proposed satellite ED at Airline Rd and I-40 in Arlington is 14.31 miles.



**May 31, 2017**

**12:15 pm**

**16. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Services to High-Need Populations**

Please indicate the amount of charity care in Year One. In addition, how will uninsured patients be addressed?

**Response**

The amount shown for Charity Care in the Projected Data Chart is modest for Year One at \$47,300. Other amounts that may be determined as charity care could be shown as Self Pay.

The facility will serve all patients without regard to ability to pay.

**May 31, 2017**

**12:15 pm**

**17. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Establishment of Non-Rural Service Area:**

Your response is noted. What is the data source of the chart on page 31?

**Response:**

The data is from internal BMHCC sources.

**May 31, 2017**

**12:15 pm**

**18. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Relationship to Existing Applicable Plans; Underserved Area and Population:**

Your response is noted. However, please indicate if any of the proposed service area consists of a medically underserved area?

**Response:**

The counties of Fayette, Tipton and Haywood are all medically underserved.

All three counties are also Primary Care Health Professional Shortage areas.

**May 31, 2017****12:15 pm**

19. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Composition of Services: Laboratory and radiology services, including but not limited to XRAY and CT scanners, shall be available on-site during all hours of operation. The FSED should also have ready access to pharmacy services and respiratory services during all hours of operation.

Your response is noted. However, it appears pharmacy and respiratory services will not be offered on-site during operating hours. Please clarify.

**Response**

Minimum around the clock coverage is anticipated for respiratory services. 3.5 FTEs were initially budgeted while cross-trained individuals were discussed, but it is anticipated that a total of 4.2 FTE's will be necessary to provide the respiratory care service. The additional personnel will be acquired as necessary.

During low utilization periods, pharmacy is planned to be handled through an Omnicell dispensing cabinet that will be appropriately stocked and a pharmacist will be on call to ensure availability of necessary pharmaceuticals.

**May 31, 2017****12:15 pm**

**20. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Pediatric Care: Please address the following:**

Applicants should demonstrate a commitment to maintaining at least a Primary Level of pediatric care at the FSED as defined by CHAPTER 1200-08- 30 Standards for Pediatric Emergency Care Facilities including staffing levels, pediatric equipment, staff training, and pediatric services.

**Response:**

The proposed FSED will maintain a level of Pediatric Care at least at the Primary Level. In addition, Baptist Memorial Health Care provides system wide support for pediatric emergency services through the availability of specialists located at the Children's Hospital.

Applicants should include information detailing the expertise, capabilities, and/or training of staff to stabilize or serve pediatric patients.

**Response:**

Staff will be trained with demonstrated competencies Pediatric Advanced Life Support (PALS) or Pediatric Emergency And Resuscitation Services (PEARS).

Pediatrician, Radiologist, and Anesthesiologist are available through the Children's Hospital if necessary.

Applicants shall demonstrate a referral relationship, including a plan for the rapid transport, to at least a general level pediatric emergency care facility to allow for a specialized higher level of care for pediatric patients when required.

**Response:**

The FSED will have continuous contact with a Pediatric Intensivist at the Spence and Becky Wilson Baptist Children's Hospital at Baptist Memorial Hospital for Women. A helipad is located at the FSED site and the Children's Hospital has an ambulance for 24/7 transportation needs.

**21. Section B, Need, Item 1 (Project Specific Criteria-Freestanding  
Emergency Department) Assurance of Resources:**

The two letters from the applicant's Chief Financial Officers are noted. However, the prescribed language in the standards documenting the full commitment of the applicant to develop and maintain the facility resources, equipment, and staffing to provide the appropriate emergency services was not found in the letter. Please submit.

**Response**

Letters from the Chief Financial Officers follow with the prescribed language.

**May 31, 2017**

**12:15 pm**



BAPTIST MEMORIAL HEALTH CARE CORPORATION

May 26, 2017

Melanie Hill  
Executive Director  
Tennessee Health Services and  
Development Agency  
Andrew Jackson, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Baptist Memorial Hospital – Satellite Emergency Department,  
Intersection I-40 and Airline Road

Dear Ms. Hill:

Under the Joint Operating Agreement arrangement between Baptist Memorial Hospital (BMH) and Regional One Health (ROH), BMH will fund 60% of the capital required to establish the project referenced above. The BMH 60% share is expected to be \$2,130,071. This letter confirms that BMH has sufficient cash and other liquid assets to fund its share of the project. This project has the full commitment of the applicant to develop and maintain the facility resources, equipment, and staffing to provide the appropriate emergency services.

Sincerely,



William A. Griffin  
Executive Vice President  
Chief Financial Officer  
BMHCC

**May 31, 2017**

**12:15 pm**



## Regional One Health

May 26, 2017

Melanie Hill  
Executive Director  
Tennessee Health Services and  
Development Agency  
Andrew Jackson, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Baptist Memorial Hospital – Satellite Emergency Department,  
Intersection I-40 and Airline Road

Dear Ms. Hill:

Under the Joint Operating Agreement arrangement between Regional One Health and Baptist Memorial Hospital, ROH will fund 40% of the capital required to establish the project referenced above. ROH's 40% share is expected to be \$1,420,047. This letter confirms that ROH has sufficient cash and other liquid assets to fund its share of the project. This project has the full commitment of the applicant to develop and maintain the facility resources, equipment, and staffing to provide the appropriate emergency services.

Sincerely,

J. Richard Wagers, Jr.  
Senior Executive Vice President/Chief Financial Officer  
Regional One Health

**22. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Adequate Staffing**

The staffing chart is noted. However, does the applicant plan to hire licensed practical nurses?

**Response**

Baptist Memphis utilizes LPNs in a non-traditional LPN role. The primary nurse is an RN, however LPNs work in an ancillary role under the direction of the RN. They do not provide nursing interventions or do assessments. They function strictly in an ancillary role to assist the RN.

What are the number and type of physicians and nurses and the planned staffing patterns of the applicant?

**Response**

Baptist Memphis plans staffing based on arrivals per hour. We utilize an escalating operations plan which includes reallocation of resources based on acuity. Therefore if there is a patient that requires 1:1 care, assignments will be redistributed based on acuity of the sections.

What is the applicant's plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed service area?

**Response**

Baptist Memphis recruits nurses from the surrounding

**May 31, 2017****12:15 pm**

nursing schools, including our own college. We train these nurses during the clinical part of their education. Most of them apply to work here upon graduation. We partner with different units in the hospital for a developmental path for the nurses who desire to work in the ED, but we do not have an open position. These nurses accept positions in the hospital and are groomed for ED nursing with the expectation that when a position is open, they will have the opportunity to interview. Baptist Memphis generally has more candidates wanting to work here than we have positions. Our nurses receive a twelve week orientation with a qualified preceptor. Their preceptor is responsible for ensuring competency of skills related to emergency nursing. Post orientation they are mentored by a Clinical Resource Nurse for one year. RN residents meet with their mentor at regular intervals to do chart reviews for documentation coaching. Their CRN also shadows their care at regular intervals to provide ongoing coaching and feedback. We utilize a low volume skills review, and computer based training annually. Baptist participates in the Resuscitation Quality Improvement (RQI) system. RQI provides quarterly training and assessment of the quality of CPR. We have a learning lab located inside the ED where we do on demand training for new processes and skills if there is an education need identified throughout the year. Baptist Memphis shares nurses with other EDs in our system. We have several nurses that work a multiple position PAR at Collierville and Tipton to help staff those EDs if they need coverage.

**May 31, 2017**

**12:15 pm**

Will each physician staffing the FSED be board certified or board eligible emergency physicians?

**Response**

The physicians staffing the FSED will be board certified or board eligible based on the by-laws of the hospital.

Are there any significant barriers that exist that limit the applicant's ability to recruit a board certified or board eligible emergency physician?

**Response**

TeamHealth handles the recruiting and staffing for the emergency service providers.

Will the applicant staff the FSED with registered nurses certified in emergency nursing care and/or advanced cardiac life support?

**Response**

We encourage our nurses to become certified in emergency nursing. The Baptist Memphis Nurse Manager is Board Certified in Emergency Nursing, but it is not required. ACLS is taught regularly within our organization and is maintained using the RQI system. The ER nurses are scheduled for ACLS and PEARs during their orientation.

Will the medical staff of the FSED shall be part of the hospital's single organized medical staff, governed by the same bylaws?

**Response**

The medical staff of the FSED will be credentialed as medical staff members.

**May 31, 2017**

**12:15 pm**

Will the nursing staff of the FSED shall be part of the hospital's single organized nursing staff?

**Response**

The FSED will be a department of Baptist Memorial Hospital.

Will the nursing services provided shall comply with the hospital's standards of care and written policies and procedures?

**Response**

As a department of the hospital, nursing services shall comply with the hospital's standards of care and written policies and procedures.

**May 31, 2017****12:15 pm****23. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency****Department) Medical Records:**

It is noted medical records of the FSED will be part of the Epic system. Is Epic a software vendor?

**Response:**

Epic software powers Baptist OneCare that is Baptist Memorial Health Care's new electronic health record solution for the entire Baptist Memorial Health Care system. Epic continues to be the market leader for electronic medical record software and support. In 2017, they were best in KLAS for inpatient, ambulatory, patient portal, information exchange, hospital billing, laboratory, and practice management.

Please clarify what the Epic System is, the age of the computer program, and how long it has been used at BMH's hospitals.

**Response:**

The EHR aims to maximize efficiency by reducing the need for duplicate tests and patients having to give the same information to multiple caregivers. In July 2012, Baptist signed a contract with Epic, a software vendor based out of Verona, Wis.—paving the way for the 15-hospitals and clinics to transition to a new electronic health record. The project involved all 15 Baptist-affiliated hospitals along with its clinics and financial systems. The rollout of the new products began in January 2014 and was completed in March 2015. As other physician practices or hospitals join the Baptist system, the Epic products are installed for the ongoing benefits of clinical and financial integration. BMHCC also has > 350,000 patients enrolled in the Baptist OneCare MyChart patient portal. This portal assists patients and families to engage in their care and provides more efficient actions for accessing their doctors, medications and their own medical information.

Are most hospitals in the Memphis area using Epic software? Is it widely used?

**Response:**

BMHCC is the only health system in the local market using the Epic software. Vanderbilt goes live with the inpatient products in December 2017. There are a couple of health systems in East Tennessee with Epic.

**May 31, 2017****12:15 pm**

If a patient presents at the FSED who has medical records at a non-Baptist hospital, is it possible to obtain those records in a timely manner with a patient release?

**Response:**

BMHCC uses Care Everywhere with Epic to exchange data. The report below shows the current results of the efforts to maximize the benefits of an EMR. Baptist also exchanges with the VA and Social Security via the eHealth Exchange. The data exchange can be with Epic and non Epic entities.

---

## Interoperability Exchange Statistics

### Baptist Memorial Health Care

*Care Everywhere Update - March 2017*



We've exchanged patient records  
with organizations spanning

**50**

states



**158,680**

patient records exchanged in 2017

**404,197**

patient records exchanged in 2016

**592,137**

since Care Everywhere Go-Live in 2014

We've exchanged patient records  
with more than

**1,080**

hospitals

**1,340**

emergency departments and

**29,470**

clinics

**May 31, 2017****12:15 pm**

-24.      **Section B, Need, Item 1 (Project Specific Criteria-Freestanding  
Emergency Department) Stabilization and Transfer Availability for Emergent**

**Cases:**

Please demonstrate a plan for the rapid transport of patients from the FSED to the most appropriate facility with a higher level of emergency care for further treatment.

**Response:**

Stabilization and transportation will be provided to those patients who need services other than those provided at the FSED. Baptist Memorial Hospital has transfer agreements with St Francis-Bartlett and other facilities in the area. A helipad is available for air ambulance service which may be occasionally necessary. A ground ambulance will also be available on site 24/7.

Please verify the stabilization and transfer of emergent cases must be in accordance with the Emergency Medical Treatment and Labor Act.

**Response:**

Stabilization and transfer of emergent cases will be in accordance with the Emergency Medical Treatment and Labor Act. Required EMTALA signage will be placed.

**May 31, 2017****12:15 pm**

**25. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency Department) Education and Signage:**

How will the applicant educate communities and emergency medical services (EMS) on the capabilities of the proposed FSED and the ability for the rapid transport of patients from the FSED?

**Response:**

The facility will clearly be labeled as an Emergency Department of Baptist Memorial Hospital. Services will also be identified in signage. Baptist will inform all EMS providers of the capabilities of the facility.

Baptist believe it would be counterproductive to attempt to educate the community on the transfer of the patients to a higher level of care. Community education should be based on signs and symptoms of stroke and heart attacks. Baptist provides education on hands-on CPR and calling 911 to ensure the patient receives lifesaving interventions in route to the closest medical facility.

Educating patients on the services at different facilities and their specialties would jeopardize their care in the event of an emergency. The general population needs to know when to call 911, and the location of the closest medical facility in the event of an occurrence they perceive as an emergency.

The stabilization and transfer to an appropriate level of care is what the emergency team is specifically trained and responsible for completing.

How will the applicant inform the community that inpatient services are not provided at the facility and patients requiring inpatient care will be transported by EMS to a full service hospital?

**Response:**

Signage will be appropriately displayed as regulations require, to inform the public that inpatient services are not provided. At the hospital provider-based location, patients may be given a Letter or Notice that the FSED is part of Baptist Memorial Hospital with the explanation that they will receive the same emergency services as in the hospital setting. Descriptions of the FSED services can also be publicized on the hospital's website.

**May 31, 2017****12:15 pm**

Does the applicant have a plan for educating the community on appropriate use of emergency services contrasted with appropriate use of urgent or primary care? If so, please describe.

Response:

Baptist will initiate planning events with the community to discuss future directions for health care services on the site. Those meetings will provide the opportunity to discuss and communicate the levels of health services.

Baptist has recently taken steps to reinvigorate a program called the ED CARE PLAN PROGRAM. It is designed to promote consistent care for patients with high rates of ED misuse. The program involves non-compliant patients, frequent visits for non-emergent issues and doctor shopping as evidenced by CSMD report. Through the plan, patients will become better informed regarding the appropriate use of ED services will be offered.

**May 31, 2017****12:15 pm****26. Section B, Need, Item 1 (Project Specific Criteria-Freestanding Emergency****Department) Community Linkage Plan:**

Other than Crestwyn Behavioral Health, please describe the applicant's participation, if any, in a community linkage plan, including its relationships with appropriate health and outpatient behavioral health care system, including mental health and substance use, providers/services, providers of psychiatric inpatient services, and working agreements with other related community services assuring continuity of care

**Response: .**

Baptist has an agreement with Alliance Healthcare Services (AHS) for assisting with behavioral patients. AHS will respond in 60 minutes for an assessment. Telehealth allows AHS to remotely assess our patients when it is appropriate and the patient is cooperative. The goal is to find inpatient treatment and placement within 4 hours from consult. If not, AHS will move the patient to their location until they find an accepting facility. AHS works with Delta, Lakeside, Crestwyn, and mobile crisis. If the patient does not meet inpatient treatment criteria they provide them with out-patient referrals and a list of resources.

A smart phrase within the HER system automatically pulls up substance abuse resources and referral list for patients including all of the resources below.

**Lakeside**

2911 Brunswick Rd, Memphis, TN 38133 (901) 377-4700  
Services offered: 12 step sponsorship, addiction education group, aftercare groups, assertiveness training, big book studies, cognitive skills groups, communication skills, daily meditation, family education, illness education, medication management, multi-family therapy, problem solving, processing groups, recovery community development, relapse prevention, spirituality groups, step studies, stress management, suicide intervention, support groups, trauma resolution

Insurance/payment information: all major insurances accepted, call for details regarding individual insurance plans

**Innovative Counseling and Consulting**

1420 Union Ave., Suite 230 Memphis, TN 38104 (901)-276-0220  
Services offered: Assessments, outpatient (individual and group), Intensive Outpatient, Case Management, Drug Testing, Recovery Skills, relapse Prevention, Spiritual/Pastoral Support, Partial Hospitalization, Adolescent Day and Evening Treatment

**May 31, 2017**

**12:15 pm**

Insurance/payment information: American choice and Bluecare provider; accepts other major insurances including Medicare. Sliding scale costs for patients without insurance.

\*Note: Spanish is available

**Lending a Hand Recovery**

315 Sommerville Street Memphis, TN 38104 (901)-527-7774

Services offered: Assessments, Outpatient (individual and group), Intensive outpatient, partial hospitalization

Insurance/payment information: all major insurances

**Lighthouse Mission Ministries, Inc.**

4384 Stage Road, 4<sup>th</sup> floor Memphis, TN 38175 (901)-382-8106

Services offered: Assessments, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation

Insurance/payment information: call for details regarding individual insurance plans

**Memphis Recovery Centers**

219 N. Montgomery Ave. Memphis, TN 38104 (901)-272-7751

Services offered: Assessment, Intensive outpatient, partial hospitalization, halfway house, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transportation, adolescent residential

Insurance/payment information: all major insurances accepted, price on a sliding scale based on individual's means

**Patrick Grapevine DUI Institute**

1833 South 3<sup>rd</sup> Street Memphis, TN 38109 (901)-521-1131

Services offered: Assessments, case management, recovery skills, relapse prevention, spiritual/pastoral support

Insurance/payment information: cash and TennCare only, 200\$ for a 2 day course

**Synergy Treatment Center**

2305 Airport Interchange Ave. Memphis, TN 38132 (901)-332-2227

Services offered: Assessments, outpatient (individual and group), intensive outpatient, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation

Insurance/payment information: call for details based on individual insurance plan

**Serenity Recovery Centers, Inc.**

1094 Poplar Ave. Memphis, TN 38105 (901)-521-1131

**May 31, 2017****12:15 pm**

Services offered: Assessments, intensive outpatient, halfway house, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral prevention, transportation, outpatient (individual and group), women's intensive outpatient Insurance/payment information: TennCare only, may contact other insurances for out of network coverage. Some services offered at no cost

**Teen Challenge of Memphis, Inc.**

33 North Cleveland Memphis, TN 38104 (901)-272-2308

Services offered: assessments, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation

Insurance/payment information: \$300 processing and \$350/month(transitional housing). No insurances accepted.

**The Father's House**

1842 Portland Ave. Memphis, TN 38127 (901)-574-9262

Services offered: assessments, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transportation

Insurance/payment information: \$350 deposit and \$130/week.(First two weeks included in deposit)

**The HART Center**

1384 Madison Ave. Memphis, TN 38104 (901)-828-1332

Services offered: Assessments, outpatient (individual and group), intensive outpatient, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transportation

Insurance/payment information: TennCare. \$325 for weekend treatment

**Urban Family Ministries CDC, Inc.**

2174 Lamar Ave. Memphis, TN 38114 (901)-323-8400

Services offered: Assessments, outpatient (individual and group), intensive outpatient, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transportation

Insurance/payment information: call for details regarding individual insurance plan

**Vision Behavioral Health Management/Monumental Redevelopment Corp**

1407 Union Ave. Suite 1002 Memphis, TN 38104 (901)-2722622

Services offered: Assessments, outpatient(individual and group), intensive outpatient, partial hospitalization, case management,

**May 31, 2017****12:15 pm**

drug testing, recovery skills, relapse prevention, transportation

Insurance/payment information: Blue Cross Blue Shield accepted

**Warrior Ministries Center**

634 Semmes Memphis, TN 38111 (901)-849-3333

Services offered: Assessments, outpatient(individual and group) intensive outpatient, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation

Insurance/payment information: \$1320 for 2 week program. call for details regarding individual insurance plan

**Women Ablaze Ministries Church Inc.**

7013 Amberly Village Drive Cordova, TN 38018 (901)-372-2783

Services offered: Assessments, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation

Insurance/payment information: call for details regarding individual insurance plan

**Case Management, Inc.**

427 Linden Ave. Memphis, TN 38126 (901)-271-5300

Services offered: assessments, outpatient(individual and group), pregnant women's intensive outpatient, pregnant women's residential

Insurance/payment information: call for details regarding individual insurance plan

**Cocaine and Alcohol Awareness Program, Inc (CAAP)**

4041 Knight Arnold Rd. Memphis, TN 38118 (901)-367-7550

Services offered: assessments, outpatient(individual and group), intensive outpatient, partial hospitalization, halfway house, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation, social detox, medical detox, medically monitored crisis detox, HIV early intervention services

Insurance/payment information: all major insurances accepted

**First Step Recovery Centers**

135 North Pauline, Suite 100 Memphis, TN 38105 (901)-522-1002

Services Offered: assessments, outpatient(individual and group), intensive outpatient, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, peer recovery support

Insurance/payment information: call for details regarding individual insurance plan

**May 31, 2017**

**12:15 pm**

**Grace House**

329 N. Bellevue Memphis, TN 38104 (901)-722-8460

Services Offered: assessments, halfway house, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation, social detox

Insurance/payment information: call for details regarding individual insurance plan

**Harbor House**

1979 Alcy Road Memphis, TN 38114 (901)-743-1836 ext. 2230

Services offered: assessments, case management, drug testing, recovery skills, relapse prevention, halfway house, social detox  
Insurance/payment information: call for details regarding individual insurance plan

\*Note: accepts only male patients

**Care of Savannah**

64 Jack Gean Drive Savannah, TN 38372 (731)-925-8619

Services offered: assessments, halfway house, outpatient(individual and group), drug testing, recovery skills, relapse prevention, case management

Insurance/payment information: payments and plans are income based sliding scales. Loans and financing available.

**Here's Hope Counseling Center**

125 King Avenue South Dyersburg, TN 38024 (731)-287-8100

Services offered: assessments, recovery skills, relapse prevention, outpatient(individual and group), intensive outpatient, spiritual/pastoral support, transportation, drug testing, case management

Insurance/payment information: Self payment and state insurances other than Medicaid accepted.

**JACOA**

900 East Chester Jackson, TN 38301 (731)-423-3563

Services offered: assessments, outpatient(individual and group), intensive outpatient, case management, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation, partial hospitalization

Insurance/payment information: call for details regarding individual insurance plan

**Journey with Jesus (faith based)**

Transitions of Dyer County P.O. Box 265 Dyersburg, TN 38025  
(731)-285-1881

**May 31, 2017**

**12:15 pm**

Services offered: assessments, case management, drug testing, recovery support, relapse prevention, spiritual/pastoral support, transitional housing, transportation  
Insurance/payment information: Free treatment options based on donations

**Pathways**

238 Summer Drive Jackson, TN 38301 1-800-587-3854  
Services offered: assessments, outpatient(individual and group), intensive outpatient, social detox, medical detox, Medically Monitored Crisis Detox, adolescent residential, adolescent day and evening treatment  
Insurance/payment information: call for details regarding individual insurance plan

**Professional Care Services**

1997 Highway 51 South Covington, TN 38019 (901)-313-1133  
Services offered: assessments, outpatient(individual and group)  
Insurance/payment information: call for details regarding individual insurance plan

**T.A.M.B. of Jackson, Aspell Recovery Center**

331 North Highland Jackson, TN 38301 (731)-427-7238  
Services offered: assessments, intensive outpatient  
Insurance/payment information: call for details regarding individual insurance plan

**Tennessee Valley Teen Challenge**

1450 Florence Road P.O. ox 606 Savannah, TN 38372 (731)-926-2555  
Services offered: assessments, drug testing, recovery skills, relapse prevention, spiritual/pastoral support, transitional housing, transportation  
Insurance/payment information: call for details regarding individual insurance plan

**May 31, 2017****12:15 pm****27. Section B, Need, Item B**

It is noted Delta Medical has reduced ED hours and hospitals in Haywood and Fayette Counties have closed. Please discuss the reduction of ED hours at Delta Medical and the former ED and licensed bed capacities at closed hospitals in Haywood and Fayette Counties. In your response please provide dates of the reduction of ED hours and hospital closures.

**Response:**

In April 2016, Delta Medical Center ceased providing 24 hour emergency room service. They are now open 7 am to 7 pm. As shown on <http://www.deltamedcenter.com/emergency>, Delta Medical Center offers a Level 3 Emergency Department with 7am-7pm care and the ability to treat any emergency, excluding trauma, burns, or delivering babies. Arrangements are available for services not provided by the Emergency Department.

Baptist has experienced an increase of 6.4% in visits from FY 2015 to FY 2016. The closure in April would have been reflected in the last 6 months of FY 2016. Reductions and closures of the hospitals in Haywood and Fayette counties contribute to the rise in more ED utilization at BMH-Memphis.

The hospital in Haywood County closed in 2014 and the hospital in Fayette County closed in 2015. This application considers patients who travel from the zip code areas where the closed hospitals were located. The location of the proposed Arlington FSED will make a significant improvement in access for patients in both Haywood and Fayette counties who rely on Baptist hospitals for emergency service.

**May 31, 2017****12:15 pm****28. Section B, Need, Item C**

What is the distance from the former Haywood Park Community Hospital and closed Methodist Healthcare to the proposed satellite ED site and St. Francis Hospital Bartlett, respectively?

**Response:**

The distance from Haywood Park Community Hospital and Methodist Fayette Hospital to the proposed Arlington FSED site and St Francis Bartlett is shown in the table below.

	Arlington FSED	St Francis Bartlett
Haywood Park Community Hospital 2545 N Washington Ave, Brownsville, TN 38012	36.5 miles	45.6 Miles
Methodist Fayette 214 Lakeview Rd, Somerville, TN 38068	21.2 miles	25.6 miles

\*\*source: Google Maps

The table on page 40 labeled "Projected Arlington FSED" is noted. However, the dates of projection are years 2015 and 2016. Is this correct? Please needed please correct and submit replacement page 40.

In addition, please provide a total row for the table titled "Projected Arlington FSED" on the bottom of page 40.

**Response:**

The Table Titled "Projected Arlington FSED shows data from 2015 and 2016 to demonstrate that sufficient numbers of patients support the conservative projections made for 2019 and 2020. from the service area zip codes to the FSED. The table also establishes a proportional distribution for increasing numbers of cases,

In the application Baptist Memorial Hospital CN1705-018D, the applicant's primary service area consists of only Shelby and Fayette Counties. In this application the primary service has increased to include 2 additional counties: Tipton and Haywood. Please discuss the reason 2 additional primary counties were added.

**Response:**

The counties were added since patients are coming from those counties to be served in Baptist facilities and the area is closer to the proposed FSED.

**SUPPLEMENTAL #1****May 31, 2017****12:15 pm**

38133	171	145	3.0%	2.3%
38135	11	19	0.2%	0.3%
TOTALS	5646	6209		

For planning only

**May 31, 2017****12:15 pm****29. Section B, Need, Item C (b).**

The population table on page 43 is noted. However, it is unclear if the applicant used 2017 as the current year and 2021 as the projected year. If not, please revise the table and submit a replacement page 43.

**Response:**

The applicant used 2017 as the current year and 2021 as the projected year.

The population table for counties is taken from the reference provided from the new CON application.

Projected Population Data:

<http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder:

<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

The zip code population information came from Truven Health Analytics Market Expert for the same time period.

**May 31, 2017****12:15 pm****30. Section B, Need, Item 5.**

Please provide a utilization table of Baptist Hospital's (Walnut Grove Rd. location) admission, patient days, and occupancy rate for the last three reporting years.

	<b>Discharges</b>	<b>Patient Days</b>	<b>Occupancy Rate</b>
<b>2013</b>	24,509	163,128	82.00
<b>2014</b>	24,737	155,576	78.21
<b>2015</b>	25,802	161,169	81.02

Please identify existing urgent care centers in the applicant's zip code service area by completing the following table.

**Urgent Care Centers in Applicant's Proposed Zip Code Service Area**

<b>Urgent Care Center Name</b>	<b>Address</b>	<b>Dist. from Proposed ED</b>	<b>Operating Hours</b>	<b>Medicare, TennCare, &amp; Major Ins accepted?</b>
Baptist Minor Medical Center-Bartlett	7424 Hwy #64 Suite 111 Bartlett, TN 38133	9.8	7 Days a week 8 a.m. - 7:30 p.m.	Medicare – yes TennCare – Yes Major Ins - yes
Baptist Minor Medical Center-Cordova	670 N. Germantown Pkwy Ste 18 Cordova, TN 38018	12.7	7 Days a week 8 a.m. - 7:30 p.m.	Medicare – yes TennCare – Yes Major Ins – yes
Baptist Minor Medical Center-Memphis	3295 Poplar Avenue #105 Memphis, TN 38111	20	7 Days a week 8 a.m. - 7:30 p.m.	Medicare – yes TennCare – Yes Major Ins – yes
Methodist Minor Medical Center - Cordova	8095 Club Pkwy. Cordova, TN 38107	11.4	Mon-Fri, 8am-7pm; Sat-Sun, 8am-6pm	Medicare – yes TennCare – yes Major Ins - yes
Methodist Minor Medical Center - Hacks Cross	8071 Winchester Rd. Memphis, TN 38125	28.2	Mon-Fri, 8am-7pm; Sat-Sun, 8am-6pm	Medicare – yes TennCare – yes Major Ins – yes
Methodist Minor Medical Center - Midtown	1803 Union Avenue #2 Memphis, TN 38104	22.1	7 days a week, 9am-9pm	Medicare – yes TennCare – yes Major Ins - yes
Urgent Care (Le Bonheur) - Cordova	8045 Club Pkwy Cordova, TN 38016	11.2	Mon-Fri, 3-11pm; Sat-Sun, noon-9pm	Medicare – yes TennCare – yes Major Ins – yes
Urgent Care (Le Bonheur) - Memphis	8071 Winchester Rd. Memphis, TN 38125	28.2	Mon-Fri, 3-11pm; Sat-Sun, noon-9pm	Medicare – yes TennCare – yes Major Ins – yes
MedPost Urgent Care	853 W. Poplar Ave. Collierville, TN 38017	19.9	M-F: 8:00 AM-8:00 PM Sa-Su: 9:00 AM-5:00 PM	Medicare – yes TennCare – yes only Amerigroup Major Ins – yes
MedPost Urgent Care	1520 Bonnie Lane	10.8	M-F: 8:00 AM-	Medicare – yes

**May 31, 2017****12:15 pm**

	Cordova, TN 38016		8:00 PM Sa-Su: 9:00 AM- 5:00 PM	TennCare – yes only Amerigroup Major Ins – yes
MedPost Urgent Care	1941 S. Germantown Rd Suite 103 Germantown, TN 38138	15.8	M-F: 8:00 AM- 8:00 PM Sa-Su: 9:00 AM- 5:00 PM	Medicare – yes TennCare – yes only Amerigroup Major Ins – yes

Please complete the following tables for the historical and projected ED volumes of Baptist Memorial Hospital (Walnut Grove location) and Proposed Satellite ED from 2014 to year One by level of care consistent with CPT codes 99281 (lowest acuity), 99282, 99283, 99284 and 99285 (highest acuity patient) and also with the emergency Severity Index.

**Baptist Hospital and Proposed Satellite ED Historical and Projected Utilization by  
Emergency Severity Index Level of Care**

Level of Care	Main ED Incomplete Data	Main ED	Main ED	Main ED	Satellite ED	Combined
	2014	2015	2016	Year 1	Year 1	Year 1
Level I	45	91	96	153	5	158
Level II	881	1,578	1,604	2,208	443	2,651
Level III	4,121	7,773	8,145	8,870	4,536	13,406
Level IV	1,146	1,565	1,795	1,731	1,105	2,836
Level V	109	141	140	156	118	274
N/A Missing	147	54	35			
Total	6,449	11,202	11,815	13,118	6,207	19,325

Please describe the levels of care by the emergency Severity Index.

**Baptist Hospital and Proposed Satellite ED Historical and Projected Utilization by  
Level of Care (CPT Code)**

Level of Care	Main ED Incomplete Data	Main ED	Main ED	Main ED	Satellite ED	Combined
	2014	2015	2016	Year 1	Year 1	Year 1
Level I	297	316	168	187	267	454
Level II	755	985	597	667	945	16,152
Level III	2,112	3,291	2,893	3,228	3,558	6,786
Level IV	1,911	3,632	4,777	5,331	1,261	6,592
Level V	1,286	2,906	3,320	3,705	176	3,881
N/A Missing	2	72	60			
Total	6,449	11,202	11,815	13,118	6,207	19,325

Please describe the levels of care by CPT code.

**May 31, 2017****12:15 pm**

Please complete the following chart for projected ED utilization by zip code in Year 1 of the proposed Satellite ED project for zip codes with patient origin over 0.15%.

**Projected Utilization by Zip Codes in Applicant's Proposed Service Area, Year 1**

Patient Zip Code	Name	Population	Main ED Visits Year 1	Proposed Satellite ED Visits Year 1	Total ED Visits	% by Zip Code	Cumulative %
38002	Arlington	50254	1574	1453	3027	15.66%	15.66%
38010	Braden	point	0	6	6	0.03%	15.69%
38012	Brownsville	13942	0	0	0	0.00%	15.69%
38014	Brunswick	point	0	21	21	0.11%	15.80%
38016	Cordova	50235	2755	602	3357	17.37%	33.17%
38018	Cordova	39769	3280	12	3292	17.03%	50.20%
38028	Eads	7376	394	428	822	4.25%	54.45%
38036	Galloway	point	0	70	70	0.36%	54.82%
38048	Macon	point	0	6	6	0.03%	54.85%
38049	Mason	4725	262	422	684	3.54%	58.39%
38053	Millington	28683	1312	1070	2382	12.32%	70.71%
38054	Millington	point	0	12	12	0.06%	70.78%
38055	Millington	point	0	0	0	0.00%	70.78%
38060	Oakland	11041	394	757	1151	5.95%	76.73%
38068	Somerville	10699	656	1000	1656	8.57%	85.30%
38069	Stanton	2398	131	12	143	0.74%	86.04%
38076	Williston	786	0	155	155	0.80%	86.84%
38083	Millington	point	0	19	19	0.10%	86.94%
38088	Cordova	point	0	143	143	0.74%	87.68%
38133	Bartlett	22197	1049	19	1068	5.53%	93.21%
38135	Bartlett	32406	1312	0	1312	6.79%	100.00%
Total			13118	6207	19325		

**May 31, 2017****12:15 pm****Baptist Memorial Hospital (Walnut Grove location) and Proposed Satellite ED Historical and Projected Utilization**

<b>Year</b>	<b>Actual</b>			<b>Projected</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Yr 1</b>	<b>Yr.2</b>	<b>Yr. 5</b>
Main Campus Visits	62,451	62,492	66,467	67,542	69,092	72,092
Main Campus Rooms	54	54	54	54	54	54
Main Campus Visits/ Room	1,156	1,157	1,231	1,251	1,279	1,335
Satellite Visits				6,207	9,248	9,959
Satellite Rooms				8	8	8
Satellite Visits Per Room				776	924	996
Total Visits	62,451	62,492	66,467	73,8027	78,340	82,051
Total Rooms	54	54	54	62	62	62
<b>Total Visits Per Room</b>	<b>1,156</b>	<b>1,157</b>	<b>1,231</b>	<b>1,190</b>	<b>1,263</b>	<b>1,323</b>

**May 31, 2017****12:15 pm****31. Section B, Economic Feasibility, Item A.2.**

Please clarify how the Lease Expense in the amount of \$6,466,493 was calculated in the Project Cost Chart.

**Response:**

The calculation is shown below:

Base Rent \$34.09 per square foot

13,750 Square Feet

Rent Escalation 2.5% per annum.

Years	Base Rent	Sq Ft	Payment
1	34.09	13750	\$ 468,737.50
2	34.94225	13750	\$ 480,455.94
3	35.81580625	13750	\$ 492,467.34
4	36.71120141	13750	\$ 504,779.02
5	37.62898144	13750	\$ 517,398.49
6	38.56970598	13750	\$ 530,333.46
7	39.53394863	13750	\$ 543,591.79
8	40.52229734	13750	\$ 557,181.59
9	41.53535478	13750	\$ 571,111.13
10	42.57373865	13750	\$ 585,388.91
11	43.63808211	13750	\$ 600,023.63
12	44.72903416	13750	\$ 615,024.22

TOTAL \$ 6,466,493.01

**May 31, 2017****12:15 pm****32. Section B, Economic Feasibility, Item B.**

It is noted Baptist Memorial Hospital will contribute 60% of capital cost in the amount of \$2,116,464, and Regional One will contribute 40% of capital cost in the amount of \$1,410,974. Please clarify how the applicant derived a Capital Cost of \$3,527,438. Please also clarify how the remaining cost of the proposed project will be funded by the applicant.

**Response:**

The Capital Cost is calculated from:

Legal/Admin Fees	\$ 40,100.00
Acquisition of Site	251,450.00
Fixed Equipment	3,201,301.00
CON Filing Fee	57,267.00
TOTAL	\$3,553,118.00

The remaining cost of the proposed project for CON purposes represents the total of annual lease payments over 12 years.

It is noted the project will be funded by cash reserves. However, financial documents from both entities are unaudited. Please provide a letter from the applicant's financial institution designating the amount of cash reserves and the availability of the designated cash reserves for the proposed project.

**Response:**

Letters from financial institutions for BMH and ROH follow this page.

**May 31, 2017**

**12:15 pm**

Joel E. Smith  
Senior Vice President  
Commercial Banking



May 24, 2017

Melanie Hill  
Executive Director  
Tennessee Health Services and  
Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Certificate of Need Application CN1701-005  
Baptist Memorial Hospital, Satellite Emergency Department in Arlington

Dear Ms Hill:

This letter confirms (1) Baptist Memorial Hospital maintains one more accounts at First Tennessee Bank, and (2) Baptist Memorial Hospital has available to it cash or other liquid assets in an amount more than sufficient to fund its estimated share of the cost for the project referenced above in the amount of \$2,500,000.

If you have additional questions or would like to discuss further, feel free to contact me at (901) 681-2322.

Sincerely,

A handwritten signature in cursive script that reads 'Joel E. Smith'.

Joel E. Smith  
Senior Vice President  
Commercial Banking

JES/dab



**May 31, 2017**

**12:15 pm**

999 S Shady Grove, Suite 202  
Memphis, Tennessee 38120  
Phone 901 415 7086  
Fax 901 681 4169

Jean M. Morton  
Senior Vice President  
Manager  
Institutional & Government Division

January 30, 2017

Mr. Jim Proctor, Controller  
Shelby County Healthcare Corporation  
877 Jefferson Avenue  
Memphis, TN 38103

Dear Mr. Proctor:

Shelby County Health Care Corporation maintains several depository and investment relationships with SunTrust Bank. As of the date of this letter, Shelby County Health Care Corporation has the following deposits and investments with SunTrust Bank and related entities:

Investments held through	
SunTrust Robinson Humphrey	\$55,269,839.00
Shelby County Health Care Corporation	\$ 235,073.49

Thank you for being a SunTrust client.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jean M. Morton".

Jean M. Morton  
Senior Vice President

cc: Grant Adams, SunTrust Robinson Humphrey

**May 31, 2017****12:15 pm****33. Section B. Economic Feasibility Item C and D. (Historical Data Chart and Projected Data Chart)**

The non-operating revenue line item in the Historical Data Chart representing \$9,294,916 in 2014, (\$2,015,397) in 2015, and (\$4,997,378) in 2016 is noted. What do these figures represent?

**Response:**

The non-operating revenue line is broken out below.

This line was previously part of the financial summary, but was not available on the current CON Application version HF-0004 Revised 12/2016. It was added for clarity. Non-operating revenue includes the following:

- Sold favorable buy back clause in contract with Healthcare Realty for 2 POBs in 2014. Land Lease revenue for 2015& 2016.
- Baptist Foundation fund/grand reimbursements.
- An allocation of Baptist Medical Group profits/losses for some physician practices associated with Hospital care.
- Allocations of gain on sale of investments for Group Asset Fund.
- Annuity Forfeitures and interest & dividend income.

	2014 Actual	2015 Actual	2016 Actual
85100: Nonoperating Revenue	6,578,593	585,186	612,814
85150: Contribution Revenue	265,322	1,029,539	1,567,418
85250: BMG/Hospital Allocation		(4,913,706)	(7,156,142)
85400: Realized Gain/(Loss) on Sale of Secu	2,546,224	1,018,972	
Investment Income	(95,223)	264,613	(21,467)
Nonoperating Revenue	9,294,915.78	(2,015,397.09)	(4,997,377.66)

**May 31, 2017****12:15 pm****34. Section B. Economic Feasibility Item F.1 and F.3.**

For both funding entities please provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable.

**Response:**

Following this sheet are the audited financial statements for Shelby County Health Care Corporation.

As explained in previous CON applications, Baptist Memorial Hospital does not receive a separate audit. It is part of the consolidated financials that are audited. The 2015 financials that are presented in the CON application represent the statements for BMH that were included in the consolidated audited financials ending September 30, 2015 referenced in the December 15, 2016 letter from Deloitte which follows. Therefore, the audited 2015 financial statements that are available for BMH are already provided.

For BMH (60%) and Regional One Health (ROH) (40%) that is funding the proposed project, please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet.

**Response:**

Baptist Memorial Health Care Corporation does not have long term debt, therefore, the ratio cannot be calculated.

Regional One Capitalization Ratio is shown on the following page.

# ROH Capitalization Ratio

# SUPPLEMENTAL #1

May 31, 2017

12:15 pm

## Regional One Health Capitalization Ratio

<u>Long-Term Debt</u>		06/30/16	12/31/16
Accrued Professional & General Liability		2,426,000	2,577,553
Net Postemployment benefit obligation		960,000	960,000
Notes Payable		26,550,000	26,550,000
Total Long-Term Debt		<u>29,936,000</u>	<u>30,087,553</u>
Net position		236,800,052	227,819,819
Capitalization Ratio		11.2%	11.7%

# BMH Audited Financials Letter

**May 31, 2017****12:15 pm**

Deloitte & Touche LLP  
6075 Poplar Avenue  
Suite 350  
Memphis, TN 38119-0112  
USA

Tel: + 1 901-322-6700  
[www.deloitte.com](http://www.deloitte.com)

December 15, 2016

The Board of Directors  
Baptist Memorial Health Care Corporation Affiliates  
350 North Humphreys Boulevard  
Memphis, TN 38120

We have performed an audit of the combined financial statements of Baptist Memorial Health Care Corporation and affiliates ("BMHCC") as of and for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated December 15, 2016.

We also performed separate audits for Baptist Memorial Hospital – Union County, Inc. ("BMH Union County") and Baptist Memorial Health Care Foundation ("Foundation") as of and for the year ended September 30, 2016, in accordance with generally accepted auditing standards and have issued our reports thereon dated December 15, 2016.

We are not aware of any relationships between the Deloitte Entities and BMHCC, BMH Union County and the Foundation that under the rules and standards of the American Institute of Certified Public Accountants (AICPA) may reasonably be thought to bear on our independence. Deloitte Entities shall mean Deloitte & Touche LLP and the member firms of Deloitte Touche Tohmatsu Limited and their respective affiliates.

We hereby affirm that as of December 15, 2016, we are independent accountants with respect to BMHCC, BMH Union County and the Foundation within the meaning of the rules and standards of the AICPA.

We have not audited any financial statements of BMHCC, BMH Union County or the Foundation subsequent to September 30, 2016, or performed any audit procedures subsequent to the dates of these reports.

*Deloitte & Touche LLP*

# ROH Audited Financials



**SHELBY COUNTY HEALTH CARE CORPORATION**  
(A Component Unit of Shelby County, Tennessee)

Basic Financial Statements and Schedules

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

**SHELBY COUNTY HEALTH CARE CORPORATION**  
(A Component Unit of Shelby County, Tennessee)

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KPMG LLP  
Triad Centre III  
Suite 450  
6070 Poplar Avenue  
Memphis, TN 38119-3901

**May 31, 2017**

**12:15 pm**

## **Independent Auditors' Report**

The Board of Directors  
Shelby County Health Care Corporation:

We have audited the accompanying statements of net position and statements of revenues, expenses, and changes in net position and cash flows of Shelby County Health Care Corporation, a component unit of Shelby County, Tennessee (d/b/a Regional One Health) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of Shelby County Health Care Corporation as of June 30, 2016 and 2015, and the respective changes in net position and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

**May 31, 2017****12:15 pm*****Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Shelby County Health Care Corporation's basic financial statements. The supplementary information included in schedules 1, 2, 3, 4, 5, 6, and 7 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of Shelby County Health Care Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shelby County Health Care Corporation's internal control over financial reporting and compliance.

**KPMG LLP**

Memphis, Tennessee  
November 11, 2016

**May 31, 2017****12:15 pm****SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

## Statements of Net Position

June 30, 2016 and 2015

<b>Assets</b>	<b>2016</b>	<b>2015</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 16,710,050	9,764,159
Investments	111,841,180	109,959,639
Patient accounts receivable, net of allowances for uncollectible accounts of \$130,031,000 in 2016 and \$169,265,000 in 2015	64,422,437	68,627,756
Other receivables	13,811,415	10,968,415
Other current assets	7,282,171	7,035,719
<b>Total current assets</b>	<b>214,067,253</b>	<b>206,355,688</b>
Restricted cash	437,060	514,785
Restricted investments	6,062,721	6,901,313
Equity investments	12,980,671	10,999,876
Notes receivable	19,221,600	19,221,600
Capital assets, net	90,988,913	96,007,465
<b>Total assets</b>	<b>\$ 343,758,218</b>	<b>340,000,727</b>
<b>Liabilities and Net Position</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 14,452,736	14,092,765
Accrued expenses and other current liabilities	44,527,850	38,317,676
<b>Total current liabilities</b>	<b>58,980,586</b>	<b>52,410,441</b>
Accrued professional and general liability costs	2,426,000	4,530,000
Obligation under reverse repurchase agreement	11,893,738	—
Net postemployment benefit obligation	960,000	750,000
Notes payable	26,550,000	26,550,000
<b>Total liabilities</b>	<b>100,810,324</b>	<b>84,240,441</b>
<b>Net position:</b>		
Net investment in capital assets	64,438,913	69,457,465
Restricted for:		
Capital assets	1,896,509	2,855,282
Indigent care	702,167	834,684
Notes payable	437,060	514,785
Unrestricted	175,473,245	182,098,070
<b>Total net position</b>	<b>242,947,894</b>	<b>255,760,286</b>
<b>Total liabilities and net position</b>	<b>\$ 343,758,218</b>	<b>340,000,727</b>

See accompanying notes to basic financial statements.

**May 31, 2017****12:15 pm**

**SHELBY COUNTY HEALTH CARE CORPORATION**  
(A Component Unit of Shelby County, Tennessee)  
**Statements of Revenues, Expenses, and Changes in Net Position**  
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Net patient service revenue (including additional incremental reimbursement from various state agencies for participation \$74,008,000 in 2016 and \$67,387,000 in 2015)	\$ 362,356,166	347,134,962
Other revenue	33,331,773	26,239,916
Total operating revenues	<u>395,687,939</u>	<u>373,374,878</u>
Operating expenses:		
Salaries and benefits	191,513,277	179,221,725
Supplies and services	93,353,541	84,128,275
Physician and professional fees	26,080,862	25,475,185
Purchased medical services	56,015,982	44,448,420
Plant operations	14,630,265	13,783,854
Insurance	422,542	2,843,248
Administrative and general	38,928,298	34,746,038
Community services	933,161	757,581
Depreciation	18,571,929	18,204,987
Total operating expenses	<u>440,449,857</u>	<u>403,609,313</u>
Operating loss	<u>(44,761,918)</u>	<u>(30,234,435)</u>
Nonoperating revenues (expenses):		
Interest expense	(397,898)	(347,791)
Investment income	3,066,749	3,578,035
Appropriations from Shelby County	27,408,000	26,816,000
Other	1,872,675	8,730,159
Total nonoperating revenues, net	<u>31,949,526</u>	<u>38,776,403</u>
Increase (decrease) in net position	<u>(12,812,392)</u>	<u>8,541,968</u>
Net position, beginning of year	<u>255,760,286</u>	<u>247,218,318</u>
Net position, end of year	<u>\$ 242,947,894</u>	<u>255,760,286</u>

See accompanying notes to basic financial statements.

**May 31, 2017****12:15 pm**

**SHELBY COUNTY HEALTH CARE CORPORATION**  
 (A Component Unit of Shelby County, Tennessee)

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from and on behalf of patients and third-party payors	\$ 367,284,642	335,009,290
Other cash receipts	33,212,527	25,607,911
Payments to suppliers	(232,319,636)	(208,312,598)
Payments to employees and related benefits	(186,503,501)	(180,016,276)
Net cash used in operating activities	<u>(18,325,968)</u>	<u>(27,711,673)</u>
Cash flows from noncapital financing activity:		
Appropriations received from Shelby County	<u>25,328,013</u>	<u>26,816,000</u>
Net cash provided by noncapital financing activity	<u>25,328,013</u>	<u>26,816,000</u>
Cash flows from capital and related financing activities:		
Capital expenditures	(13,661,497)	(11,893,966)
Proceeds from pledges	—	22,169
Proceeds from sale of capital assets	—	31,398
Interest payments	(389,920)	(351,916)
Net cash used in capital and related financing activities	<u>(14,051,417)</u>	<u>(12,192,315)</u>
Cash flows from investing activities:		
Purchases of investments	(300,665,214)	(238,329,755)
Proceeds from sale of investments	312,242,913	249,085,424
Investment in equity investees	—	(1,300,000)
Investment income proceeds	2,339,839	3,345,720
Net cash provided by investing activities	<u>13,917,538</u>	<u>12,801,389</u>
Net increase (decrease) in cash and cash equivalents	6,868,166	(286,599)
Cash and cash equivalents, beginning of year	<u>10,278,944</u>	<u>10,565,543</u>
Cash and cash equivalents, end of year	\$ <u><u>17,147,110</u></u>	<u><u>10,278,944</u></u>

**May 31, 2017****12:15 pm****SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

## Statements of Cash Flows

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (44,761,918)	(30,234,435)
operating activities:		
Depreciation	18,571,929	18,204,987
Changes in operating assets and liabilities:		
Patients accounts receivable, net	4,205,319	(20,725,209)
Other receivables	(763,013)	937,865
Other current assets	(246,452)	(786,317)
Accounts payable	359,971	6,069,016
Accrued expenses and other current liabilities	6,202,196	(855,580)
Accrued professional and general liability costs	(2,104,000)	(322,000)
Net postemployment benefit obligation	210,000	—
Net cash used in operating activities	<u>\$ (18,325,968)</u>	<u>(27,711,673)</u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents in current assets	\$ 16,710,050	9,764,159
Cash and cash equivalents held for payment of outstanding debt fees	<u>437,060</u>	<u>514,785</u>
Total cash and cash equivalents	<u>\$ 17,147,110</u>	<u>10,278,944</u>
Supplemental schedule of noncash investing and financing activities:		
Net decrease in the fair value of investments	\$ (619,180)	(347,515)
Equity in net income of equity investees	1,980,795	8,707,269
(Loss) gain on capital asset disposals	(108,121)	721

See accompanying notes to basic financial statements.

**SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

## Notes to Basic Financial Statements

June 30, 2016 and 2015

**(1) Organization and Summary of Significant Accounting Policies**

Shelby County Health Care Corporation (d/b/a Regional One Health) was incorporated on June 15, 1981, with the approval of the Board of County Commissioners of Shelby County, Tennessee (the County). Regional One Health is a broad continuum healthcare provider that operates facilities owned by the County under a long-term lease. The lease arrangement effectively provided for the transfer of title associated with operating fixed assets and the long-term lease (for a nominal amount) of related real property. The lease expires in 2063.

Regional One Health is a component unit of the County as defined by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. Regional One Health's component unit relationship to the County is principally due to financial accountability and financial benefit or burden as defined in GASB Statement No. 61. Regional One Health is operated by a 15-member board of directors, all of whom are appointed by the Mayor of the County and approved by the County Commission.

Regional One Health Foundation is a component unit of Regional One Health principally due to Regional One Health's financial accountability and financial benefit or burden for Regional One Health Foundation as defined in GASB Statement No. 61. Regional One Health Foundation is operated by a board of directors, all of whom are appointed by Regional One Health's board. Regional One Health Foundation is a blended component unit of Regional One Health because it provides services entirely to Regional One Health. Regional One Health Foundation issues separate audited financial statements, which can be obtained by writing to Regional Medical Center Foundation, 877 Jefferson Avenue, Memphis, Tennessee 38103 or by calling 901-545-7482.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires a management's discussion and analysis (MD&A) section providing an analysis of Regional One Health's overall financial position and results of operations; however, Regional One Health has chosen to omit the MD&A from these accompanying financial statements.

The significant accounting policies used by Regional One Health in preparing and presenting its financial statements follow:

**(a) Presentation**

The financial statements include the accounts of Regional One Health and its wholly owned subsidiaries. Such subsidiaries include Regional One Properties, Inc., Regional Med Extended Care Hospital, LLC, and Shelby County Health Care Properties, Inc. All material intercompany accounts and transactions have been eliminated.

**(b) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

## Notes to Basic Financial Statements

June 30, 2016 and 2015

Significant items subject to estimates and assumptions include the determination of the allowances for contractual adjustments and uncollectible accounts, reserves for professional and general liability claims, reserves for employee healthcare claims, net postretirement benefit cost and obligation, and estimated third-party payor settlements.

In addition, laws and regulations governing Medicare, TennCare, and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

**(c) Enterprise Fund Accounting**

Regional One Health's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

**(d) Cash Equivalents**

Regional One Health considers investments in highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**(e) Investments and Investment Income**

Investments are carried at fair value, principally based on quoted market prices. Investment income (including realized and unrealized gains and losses) from investments is reported as nonoperating revenue.

**(f) Inventories**

Inventories, consisting principally of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or replacement market.

**(g) Equity Investments**

Equity investments consist of Regional One Health's equity interests in investments as measured by its ownership interest if Regional One Health has an ongoing financial interest in or ongoing financial responsibility for the equity investee. The investments are initially recorded at cost and are subsequently adjusted for additional contributions, distributions, undistributed earnings and losses, and impairment losses.

**(h) Capital Assets**

Capital assets are recorded at cost, if purchased, or at fair value at the date of donation. Depreciation is provided over the useful life of each class of depreciable asset using the straight-line method. Maintenance and repairs are charged to operations. Major renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the accompanying statements of revenues, expenses, and changes in net position.

**SHELBY COUNTY HEALTH CARE CORPORATION**

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**Notes to Basic Financial Statements****June 30, 2016 and 2015**

Regional One Health capitalizes interest cost on qualified construction expenditures, net of income earned on related trusteed assets, as a component of the cost of related projects. No such interest costs were capitalized in 2016 or 2015.

All capital assets other than land are depreciated using the following lives:

Land improvements	5 to 25 years
Buildings and improvements	10 to 40 years
Fixed equipment	5 to 25 years
Movable equipment	3 to 20 years
Software	3 years

**(i) Impairment of Capital Assets**

Capital assets are reviewed for impairment when service utility has declined significantly. If such assets are no longer used, they are reported at the lower of carrying value or fair value. If such assets will continue to be used, the impairment loss is measured using the method that best reflects the diminished service utility of the capital asset. No charge related to impairment matters was required during 2016 or 2015.

**(j) Compensated Absences**

Regional One Health's employees accumulate vacation, holiday, and sick leave at varying rates depending upon years of continuous service and payroll classification, subject to maximum limitations. Upon termination of employment, employees are paid all unused accrued vacation and holiday time at regular rate of pay up to a designated maximum number of days. Since the employees' vacation and holiday time accumulates and vests, an accrual for this liability is included in accrued expenses and other current liabilities in the accompanying statements of net position. An accrual is recognized for unused sick leave expected to be paid to employees eligible to retire.

**(k) Net Position**

Net position of Regional One Health is classified into the following components:

- *Net investment in capital assets* consists of capital assets net of accumulated depreciation, net of the related debt.
- *Restricted* includes those amounts with limits on their use that are externally imposed (by creditors, grantors, contributors, or the laws and regulations of other governments).
- *Unrestricted* represents remaining amounts that do not meet either of the above definitions.

When Regional One Health has both restricted and unrestricted resources available to finance a particular program, it is Regional One Health's policy to use restricted resources before unrestricted resources.

**SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

**Notes to Basic Financial Statements**

June 30, 2016 and 2015

Regional One Health Foundation historically and to-date does not maintain donor-restricted endowment funds, or any Board-designated endowments. Regional One Health Foundation's Board has interpreted Tennessee's State Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. In all material respects, income from Regional One Health Foundation's donor-restricted endowment funds is itself restricted to specific donor-directed purposes, and is, therefore, accounted for within restricted amounts until expended in accordance with the donor's wishes. Regional One Health Foundation oversees individual donor-restricted endowment funds to ensure that the fair value of the original gift is preserved.

**(l) Statement of Revenues, Expenses, and Changes in Net Position**

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services, other than financing costs, are reported as operating revenues and operating expenses. Other transactions, such as investment income, interest expense, appropriations from Shelby County, gain (loss) on disposal of capital assets, and equity in earnings are reported as nonoperating revenues and expenses.

**(m) Net Patient Service Revenue**

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Changes in estimates related to prior cost reporting periods resulted in an increase in net patient service revenue of approximately \$1,332,000 and \$587,000 in 2016 and 2015, respectively.

**(n) Charity Care**

Regional One Health provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because Regional One Health does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

When defining charity care, Regional One Health employs the Federal Poverty Guideline (FPG) to determine the level of discount uninsured patients receive. The level by which assistance is determined is through the scale set by the Department of Health and Human Services, which includes factors such as residents per household and income. Regional One Health's methodology includes all patients that fall at or below the 150% FPG baseline. Regional One Health does not have a cap to which patients will not qualify for a discount. Additionally, Regional One Health's charity care guidelines provide for an expansive definition of charity care patients, including an upfront discount from standard charges for uninsured patients.

**SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

## Notes to Basic Financial Statements

June 30, 2016 and 2015

**(o) Income Taxes**

Regional One Health is a not-for-profit corporation organized by the approval of the Board of County Commissioners of the County and qualifies as a tax-exempt entity under Internal Revenue Code (IRC) Section 501(a) as organizations described in IRC Section 501(c)(3), and therefore, related income is generally not subject to federal or state income taxes, except for tax on income from activities unrelated to its exempt purpose as described in IRC Section 512(a). Thus, no provision for income taxes has been recorded in the accompanying financial statements.

**(p) Appropriations**

The County has historically appropriated funds annually to Regional One Health to partially offset the cost of medical care for indigent residents of the County. Appropriations for indigent residents from the County were \$27,408,000 and \$26,816,000 for the years ended June 30, 2016 and 2015, respectively. Appropriations from the County are reported as nonoperating revenue in the accompanying statements of revenues, expenses, and changes in net position.

**(q) Recent Accounting Pronouncements**

In February 2015, the GASB issued Standard 72: *Fair Value Measurement and Application*, which addresses the accounting and financial reporting issues related to fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants. GASB 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. Additional disclosures are required regarding investments that are valued by net asset per share. This standard is effective for the financial statements for periods beginning after June 15, 2015 (the Regional One Health 2016 fiscal year). Regional One Health adopted this standard on July 1, 2015. There is no effect on the financial statements related to the adoption of this standard, but additional disclosures are included in note 2 to the financial statements.

**(r) Subsequent Events**

Regional One Health has evaluated subsequent events through November 11, 2016, the date at which the financial statements were issued, and determined that there are no subsequent events to be recognized in the financial statements and related notes.

**(s) Reclassifications**

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 presentation.

**SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

**Notes to Basic Financial Statements**

June 30, 2016 and 2015

**(2) Deposits, Investments and Reverse Repurchase Agreement**

**(a) Deposits and Investments**

The composition of cash and cash equivalents follows:

	<u>2016</u>	<u>2015</u>
Cash	\$ 16,690,503	9,744,655
Money market funds	19,547	19,504
	<u>\$ 16,710,050</u>	<u>9,764,159</u>

Investments and restricted investments include amounts held by both Regional One Health and Regional One Health Foundation.

The composition of investments and restricted investments follows:

	<u>2016</u>	<u>2015</u>
U.S. agencies	\$ 50,601,257	64,108,405
Certificates of deposit	8,246,030	896,146
Corporate bonds	49,200,185	36,228,983
Demand deposit accounts and money market funds	3,147,369	6,385,686
U.S. government funds	356,578	—
Common stock	5,723,146	8,720,123
Accrued interest	629,336	521,609
	<u>\$ 117,903,901</u>	<u>116,860,952</u>

The fair value hierarchy of investments follows:

	<u>2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. agencies	\$ —	50,601,257	—	50,601,257
Certificates of deposit	—	8,246,030	—	8,246,030
Corporate bonds	—	49,200,185	—	49,200,185
Demand deposit accounts and money market funds	—	3,147,369	—	3,147,369
U.S. government funds	—	356,578	—	356,578
Common stock	5,723,146	—	—	5,723,146
Accrued interest	629,336	—	—	629,336
	<u>\$ 6,352,482</u>	<u>111,551,419</u>	<u>—</u>	<u>117,903,901</u>

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## Notes to Basic Financial Statements

June 30, 2016 and 2015

	2015			
	Level 1	Level 2	Level 3	Total
U.S. agencies	\$ —	64,108,405	—	64,108,405
Certificates of deposit	—	896,146	—	896,146
Corporate bonds	—	36,228,983	—	36,228,983
Demand deposit accounts and money market funds	—	6,385,686	—	6,385,686
U.S. government funds	—	—	—	—
Common stock	8,720,123	—	—	8,720,123
Accrued interest	521,609	—	—	521,609
	<u>\$ 9,241,732</u>	<u>107,619,220</u>	<u>—</u>	<u>116,860,952</u>

At June 30, 2016, Regional One Health and Regional One Health Foundation had investments in debt securities with the following maturities:

	Fair value	Less than 6 months	6 months to 1 year	1–5 years	Over 5 years
U.S. agencies	\$ 50,601,257	—	—	27,768,700	22,832,557
Corporate bonds	49,200,185	3,378,292	6,376,187	34,405,251	5,040,455
	<u>\$ 99,801,442</u>	<u>3,378,292</u>	<u>6,376,187</u>	<u>62,173,951</u>	<u>27,873,012</u>

At June 30, 2015, Regional One Health and Regional One Health Foundation had investments in debt securities with the following maturities:

	Fair value	Investment and restricted investment maturities (in years)			
		Less than 6 months	6 months to 1 year	1–5 years	5+ years
U.S. agencies	\$ 64,108,405	7,005,393	9,655,516	30,139,605	17,307,891
Corporate bonds	36,228,983	564,746	2,669,948	29,654,286	3,340,003
	<u>\$ 100,337,388</u>	<u>7,570,139</u>	<u>12,325,464</u>	<u>59,793,891</u>	<u>20,647,894</u>

There were no investments that represented 5% or more of total investments for Regional One Health as of June 30, 2016 and 2015. At June 30, 2016, Regional One Health Foundation had one investment totaling \$356,578 in the SEI Daily Income Trust Government Fund that represented 5% or more of total investments for Regional One Health Foundation. At June 30, 2015, Regional One Health Foundation had one investment totaling \$512,878 in the SEI Daily Income Trust Government Fund that represented 5% or more of total investments for Regional One Health Foundation.

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## Notes to Basic Financial Statements

June 30, 2016 and 2015

Regional One Health and Regional One Health Foundation have separate investment policies that are included below. The summary of investments throughout the financial statements includes the combined investment totals of Regional One Health and Regional One Health Foundation.

At June 30, 2016, Regional One Health's and Regional One Health Foundation's corporate bonds, collectively, had the following credit ratings per Standard and Poor's:

	<u>Fair value</u>	<u>Credit rating</u>
\$	6,678,364	BBB-
	6,559,437	BBB
	17,069,371	BBB+
	472,500	BB
	5,418,430	A-
	9,487,056	A
	921,745	A+
	2,389,373	AA-
	—	AA+
	203,909	
\$	<u>49,200,185</u>	

At June 30, 2015, Regional One Health's and Regional One Health Foundation's corporate bonds, collectively, had the following credit ratings per Standard and Poor's:

	<u>Fair value</u>	<u>Credit rating</u>
\$	4,784,327	BBB-
	6,717,033	BBB
	6,345,414	BBB+
	7,610,862	A-
	8,436,865	A
	895,896	A+
	1,159,164	AA-
	279,422	AA+
\$	<u>36,228,983</u>	

As of June 30, 2016, Regional One Health's investment strategy, per its investment policy, is to provide liquidity to fund ongoing operating needs and to act as a repository for both the accumulation

**SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

## Notes to Basic Financial Statements

June 30, 2016 and 2015

of cash reserves needed to cushion economic down cycles and to provide cash earmarked for strategic needs.

The portfolio objectives of Regional One Health, listed in order of importance, are as follows:

1. Preserve principal
2. Maintain sufficient liquidity to meet future cash needs
3. Maintain a diversified portfolio to minimize risk
4. Maximize return subject to the above criteria

The duration of the bond investment portfolio should not exceed six years.

The authorized investments are as follows:

1. *Commercial Paper* – Any commercial paper issued by a domestic corporation with a maturity of 270 or less days that carries at least the second highest rating by a recognized investor service, preferably Standard and Poor's and Moody's Investors Service. Commercial paper shall not represent more than 50% of the portfolio.
2. *U.S. Treasury Securities* – U.S. Treasury notes, bills, and bonds. There is no upper limit restriction as to the maximum dollar amount or percentage of the portfolio that may be invested in U.S. Treasury securities.
3. *Bank Obligations* – Any certificate of deposit, time deposit, Eurodollar CD issued by a foreign branch of a U.S. bank, bankers' acceptance, bank note, or letter of credit issued by a (U.S.) bank possessing at least the second highest rating by a recognized investor services, preferably Standard and Poor's and Moody's Investors Service. Bank obligations (excluding repurchase agreements, commercial paper, and investments held by money market and mutual funds) may not represent more than 30% of the portfolio. In addition, brokered CDs may be purchased from institutions, irrespective of the institutions' debt ratings, so long as the obligations are fully backed by the FDIC.
4. *Repurchase Agreements* – Any Repurchase Agreement purchased from one of the top 25 U.S. banks or one of the primary dealers regulated by the Federal Reserve that is at least 102% collateralized by U.S. government obligations. Repurchase Agreements may not represent more than 20% of the portfolio.
5. *Money Market Funds* – Any open-end money market fund regulated by the U.S. government under Investment Company Act Rule 2a-7. Any investment fund regulated by a Registered Investment Advisor under Rule 3c-7. Such fund investment guidelines must state that "the fund will seek to maintain a \$1 per share net asset value." Regional One Health's investment in any one fund may not exceed 30% of the assets of the fund into which it is invested.

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6. *United States Government Obligations* – Any obligation issued or backed (federal agencies) by the U.S. government. No more than 25% may be invested in obligations of any one federal agency.
7. *Corporate Bonds* – Obligations of United States and foreign corporations (including trusts and municipalities of the United States) that carry at least the fourth highest rating by a recognized rating service, preferably Standard and Poor's or Moody's Investors Service. Corporate bonds, held directly and initially qualifying in one of the above categories, which have been downgraded below the third highest rating, may be sold at the discretion of management. Corporate bonds may not represent more than 40% of the portfolio, foreign corporate bonds may not represent more than 20% of the portfolio, and corporate bonds in the fourth highest rating category may not represent more than 20% of the portfolio.
8. *Bond Mutual Funds* – Any publicly available investment registered under the Investment Company Act of 1940 as an open-end mutual fund that is managing a portfolio or debt obligations. Each mutual fund should have a minimum of \$2 billion invested and hold at least 100 different debt obligations. Bond mutual funds can only hold the Authorized Investments meeting all the criteria described above. Additionally, bond mutual funds can hold corporate bonds in the fifth and sixth highest ratings category as long as such holdings do not exceed 10% of the portfolio. Corporate bonds, held via bond mutual funds and initially qualifying in one of the above categories, which have been downgraded below the sixth highest rating, may not exceed 2% of the portfolio.
9. *Equity Mutual Funds* – Any publicly available investment registered under the Investment Company Act of 1940 as an open-end mutual fund that is managing a portfolio of equity securities. Each mutual fund should have a minimum of \$2 billion invested and hold at least 100 different equity securities. Such holdings should not represent more than 20% of the portfolio, Equity Mutual Funds can hold equity securities (including common and preferred stocks) of the 1,000 largest corporations in terms of market capitalization and inclusion in the Russell 1000 Index (representing large cap stocks) that are traded on U.S. exchanges reported in the Wall Street Journal.
10. *Debt Buy Back* – Any debt obligation backed directly by Regional One Health may be purchased so long as it is purchased at a discount.
11. Notwithstanding the above criteria, direct investments other than mutual funds that meet the following criteria are not permitted: corporations with more than 25% of revenues derived from the manufacture and sale of firearms, ammunition, and ammunition magazines to the general citizenry.

The Finance Committee of the Board of Directors meets periodically to review asset allocation, portfolio performance, and overall adherence to the investment policy guidelines.

As of June 30, 2016 and 2015, Regional One Health Foundation utilized one investment manager. This manager is required to make investments in adherence to Regional One Health Foundation's current investment policy and objectives.

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## Notes to Basic Financial Statements

June 30, 2016 and 2015

Regional One Health Foundation follows an investment strategy focused on maximizing total return (i.e., aggregate return from capital appreciation and dividend and interest income) while adhering to certain restrictions designed to promote a conservative portfolio.

Specifically, the primary objective of Regional One Health Foundation's investment management strategy is to maintain an investment portfolio designed to generate a high level of current income with above-average stability.

Guidelines for investments and cash equivalents for Regional One Health Foundation follow:

1. Regional One Health Foundation's assets may be invested only in investment grade bonds rated Baa or higher as determined by Moody's Investors Service, or the equivalent by another acceptable rating agency.
2. The overall market-weighted quality rating of the bond portfolio shall be no lower than A.
3. Regional One Health Foundation's assets may be invested only in commercial paper rated P-2 (or equivalent) or higher by Moody's Investors Service or by another acceptable rating agency.
4. The market-weighted maturity of the base portfolio shall be no longer than 10 years.
5. Quality of the equity securities will be governed by the Federal Employee Retirement and Income Security Act, the Tennessee guidelines for investing trust funds and the "prudent man rule."
6. Conservative option strategies may be used, with a goal of increasing the stability of the portfolio.

Regional One Health Foundation limits investments in common stock to 40% of its investment portfolio. The remainder of the portfolio is to be invested in fixed-income investments.

Investment income comprises the following:

	<u>2016</u>	<u>2015</u>
Dividend and interest income	\$ 3,685,929	3,925,550
Net decrease in fair value of investments	(619,180)	(347,515)
	<u>\$ 3,066,749</u>	<u>3,578,035</u>

**(b) Reverse Repurchase Agreement**

In November 2013, Regional One Health entered into a Master Repurchase Agreement with a financial institution which allows Regional One Health to enter into transactions using reverse repurchase agreements, whereas Regional One Health in exchange for a predetermined amount cash, sells or pledges (i.e., reverse repurchases) its own investments (with a market value approximately 5% higher than the predetermined amount) and agrees to repurchase the investments at a future date or on demand for the same predetermined amount of cash plus interest for the period between the two transaction

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dates. Also, Regional One Health is entitled to any maturity or interest payments received on the investments subject to the reverse repurchase agreement (prior to repurchase) and occasionally Regional One Health's investments are substituted, especially when they are redeemed by the issuer.

Regional One Health uses these agreements as a cash management strategy primarily related to the \$50,000,000 cash influx received in July each year, from the County and State appropriations, that is used by operations over the remainder of the fiscal year. Therefore, it allows Regional One Health to invest this excess working capital cash for longer periods of time at rates higher than the interest charged under the reverse repurchase agreements. Consequently, the outstanding amount of repurchase obligations can be as high as \$50,000,000 during any given fiscal year and should be zero shortly following the \$50,000,000 cash influx in July.

These transactions are formally approved within the investment policy of Regional One Health and the Master Repurchase Agreement, which stays in effect with the financial institution, until either party terminates. There were no violations of the Master Repurchase Agreement or the Regional One Health investment policy during the years ended June 30, 2016 and 2015.

During the fiscal year ended June 30, 2016, the outstanding balance of reverse repurchase agreement obligations ranged between zero and approximately \$45,000,000, and was \$11,893,738 at June 30, 2016, which is reported as a liability obligation under reverse repurchase agreements on the statement of net position. During the fiscal year ended June 30, 2015, the outstanding balance of reverse repurchase agreement obligations ranged between zero and approximately \$40,000,000, and there was no outstanding obligations at June 30, 2015. Interest expense related to the reverse repurchase agreements was \$132,000 and \$82,000 for the years ended June 30, 2016 and 2015, respectively, and is reported within interest expense on the statements of revenues, expenses and changes in net position. In July 2016, Regional One Health repurchased the outstanding reverse repurchase agreement obligations of \$11,893,738 as of June 30, 2016.

**(3) Business and Credit Concentrations**

Regional One Health grants credit to patients, substantially all of whom are local area residents. Regional One Health generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, and commercial insurance policies).

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The mix of receivables from patients and third-party payors follows, before application of related valuation allowances:

	<b>2016</b>	<b>2015</b>
Patients	32%	33%
Commercial insurance	30	29
Medicare	21	19
Medicaid/TennCare	17	19
	<u>100%</u>	<u>100%</u>

**(4) Other Receivables**

The composition of other receivables follows:

	<b>2016</b>	<b>2015</b>
Accounts receivable from University of Tennessee Center for Health Services	\$ 1,497,523	1,741,599
Accounts receivable from the County	2,234,667	154,680
Accounts receivable from the State of Tennessee	4,435,272	3,547,429
Grants receivable	343,803	1,025,254
Accounts receivable from UT Regional One Physicians	1,648,543	1,295,526
Other	3,651,607	3,203,927
	<u>\$ 13,811,415</u>	<u>10,968,415</u>

**(5) Other Current Assets**

The composition of other current assets follows:

	<b>2016</b>	<b>2015</b>
Inventories	\$ 3,383,077	3,280,696
Prepaid expenses	3,899,094	3,755,023
	<u>\$ 7,282,171</u>	<u>7,035,719</u>

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**(6) Capital Assets**

Capital assets and related activity consist of the following:

	<u>Balances at June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balances at June 30, 2016</u>
Capital assets not being depreciated:					
Construction in progress	\$ 2,871,413	7,643,499	—	(9,449,804)	1,065,108
Land	4,313,278	—	—	—	4,313,278
Total book value of capital assets not being depreciated	<u>7,184,691</u>	<u>7,643,499</u>	<u>—</u>	<u>(9,449,804)</u>	<u>5,378,386</u>
Capital assets being depreciated:					
Land improvements	7,390,983	—	—	63,149	7,454,132
Buildings	66,758,749	—	—	—	66,758,749
Fixed equipment	141,514,569	1,417,446	—	3,895,583	146,827,598
Movable equipment	155,015,751	3,631,073	—	2,859,061	161,505,885
Software	36,230,377	969,479	(129,744)	2,632,011	39,702,123
Total book value of capital assets being depreciated	<u>406,910,429</u>	<u>6,017,998</u>	<u>(129,744)</u>	<u>9,449,804</u>	<u>422,248,487</u>
Less accumulated depreciation for:					
Land improvements	(5,961,366)	(186,154)	—	—	(6,147,520)
Buildings	(58,019,940)	(693,881)	—	—	(58,713,821)
Fixed equipment	(102,415,516)	(5,076,784)	—	—	(107,492,300)
Movable equipment	(128,303,012)	(8,446,819)	—	—	(136,749,831)
Software	(23,387,821)	(4,168,291)	21,624	—	(27,534,488)
Total accumulated depreciation	<u>(318,087,655)</u>	<u>(18,571,929)</u>	<u>21,624</u>	<u>—</u>	<u>(336,637,960)</u>
Capital assets being depreciated, net	<u>88,822,774</u>	<u>(12,553,931)</u>	<u>(108,120)</u>	<u>9,449,804</u>	<u>85,610,527</u>
Capital assets, net	\$ <u>96,007,465</u>	<u>(4,910,432)</u>	<u>(108,120)</u>	<u>—</u>	<u>90,988,913</u>

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	<u>Balances at June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balances at June 30, 2015</u>
Capital assets not being depreciated:					
Construction in progress	\$ 1,585,034	5,039,260	—	(3,752,881)	2,871,413
Land	5,835,326	—	—	(1,522,048)	4,313,278
Total book value of capital assets not being depreciated	<u>7,420,360</u>	<u>5,039,260</u>	<u>—</u>	<u>(5,274,929)</u>	<u>7,184,691</u>
Capital assets being depreciated:					
Land improvements	7,269,474	121,509	—	—	7,390,983
Buildings	65,236,701	—	—	1,522,048	66,758,749
Fixed equipment	138,900,279	1,801,265	—	813,025	141,514,569
Movable equipment	150,758,409	4,084,035	(223,349)	396,656	155,015,751
Software	32,839,280	847,897	—	2,543,200	36,230,377
Total book value of capital assets being depreciated	<u>395,004,143</u>	<u>6,854,706</u>	<u>(223,349)</u>	<u>5,274,929</u>	<u>406,910,429</u>
Less accumulated depreciation for:					
Land improvements	(5,786,325)	(175,041)	—	—	(5,961,366)
Buildings	(57,310,792)	(709,148)	—	—	(58,019,940)
Fixed equipment	(97,386,461)	(5,029,055)	—	—	(102,415,516)
Movable equipment	(119,918,449)	(8,577,235)	192,672	—	(128,303,012)
Software	(19,673,313)	(3,714,508)	—	—	(23,387,821)
Total accumulated depreciation	<u>(300,075,340)</u>	<u>(18,204,987)</u>	<u>192,672</u>	<u>—</u>	<u>(318,087,655)</u>
Capital assets being depreciated, net	<u>94,928,803</u>	<u>(11,350,281)</u>	<u>(30,677)</u>	<u>5,274,929</u>	<u>88,822,774</u>
Capital assets, net	\$ <u>102,349,163</u>	<u>(6,311,021)</u>	<u>(30,677)</u>	<u>—</u>	<u>96,007,465</u>

**(7) Equity Investments**

The composition of equity method investments follows:

	<u>2016</u>	<u>2015</u>
Investment in Memphis Medical Center Air Ambulance Service, Inc. (MMCAAS)	\$ 10,614,448	8,586,001
Regional One RH MOB 1 SPE, LLC	1,066,223	1,113,875
Investment in Central Billing Office	1,300,000	1,300,000
	\$ <u>12,980,671</u>	<u>10,999,876</u>

MMCAAS is a nonmember not-for-profit corporation organized to operate an air ambulance service for the transportation of medical supplies, equipment, and injured or sick persons. MMCAAS was organized by

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Regional One Health and two other local healthcare systems. Regional One Health appoints one-third of the board members of MMCAAS and is entitled to one-third of the net assets of MMCAAS in the event of dissolution. MMCAAS maintains separate financial statements, which can be obtained by writing to Hospital Wing, 1080 Eastmoreland Avenue, Memphis, Tennessee 38104 or by calling 901-522-5321.

Regional One Properties, Inc., a wholly owned subsidiary of Shelby County Health Care Corporation, is a 50% owner in Regional One RH MOB 1 SPE, LLC. This joint venture with a local developer and other various owners was to purchase an office building in Memphis, Tennessee with intentions of converting this building into medical space and offices. RH MOB 1 SPE, LLC maintains separate financial statements, which can be obtained by writing to 6555 Quince, 3330 Preston Ridge Road, Suite 380, Alpharetta, Georgia 30005 or by calling 404-255-6358 extension 229.

The Central Billing Office (CBO) was formed by Regional One Health and two other local healthcare entities, with Regional One Health being a one-third owner and appointing one-third of the board members. The CBO performs billing and collection services for its three members, including billing for University of Tennessee Regional One Physicians (UTROP) services for Regional One Health. The CBO maintains separate financial statements, which can be obtained by writing to the Partners Central Billing Office, 1407 Union Avenue, Suite 200, Memphis, Tennessee 38104 or by calling 901-275-3702

**(8) New Market Tax Credit Program and Long-term Debt**

Regional One Health entered into a transaction with SunTrust Community Capital, LLC in September 2013 to obtain financing through the New Market Tax Credit (NMTC) Program sponsored by the Department of Treasury. The NMTC Program permits certain corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments (QEI) in community development entities. The credit provided to the investor totals 39% of the initial value of the QEI and is claimed over a seven-year credit allowance period.

As part of this transaction Regional One Health and SunTrust Community Capital, LLC contributed approximately \$19,222,000 and \$7,328,000, respectively, to The Med Memphis Investment Fund, LLC, an entity created to provide funding for investments in special purposes entities called community development entities (CDEs). Regional One Health provided funding and received a notes receivable as part of the NMTC program as follows:

	<u>2016</u>	<u>2015</u>
Notes receivable	\$ 19,221,600	19,221,600

The notes receivable requires interest only payments of 1.119% annually on the unpaid principal balance, which is due on February 15 following the end of a calendar year, beginning February 15, 2014 through February 15, 2021. Beginning on February 15, 2022, principal and interest payments will be due and will continue annually until the maturity of the notes receivable on February 15, 2035. Additional principal payments are required related to this notes receivable in an amount equal to 90% of net cash flow, as defined in the borrowers operating agreement.

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Shelby County Health Care Properties, Inc. was formed as part of the NMTC Program with Regional One Health as the sole member. Shelby County Health Care Properties, Inc. executed note payable agreements on September 13, 2013 with several CDE's that provide for borrowings of \$26,550,000. The proceeds from these notes payable were used for the expansion of Regional One Health and are treated as a "qualified low-income community investment" for purposes of generating new markets tax credits under Section 45d of the Internal Revenue Code of 1986, as amended.

Long-term debt related to the NMTC program is summarized as follows:

	<u>2016</u>	<u>2015</u>
Note payable to RGC 2, LLC, interest paid quarterly at an interest rate of 1.00%, the maturity date is September 13, 2038	\$ 5,500,000	5,500,000
Note payable to NDC New Markets Investments LXXXIII, LLC, interest paid quarterly at an interest rate of 1.00%, the maturity date is September 13, 2038	6,790,000	6,790,000
Note payable to CHHS Subsidiary CDE 7, LLC, interest paid quarterly at an interest rate of 1.00%, the maturity date is September 13, 2038	7,760,000	7,760,000
Note payable to ST CDE XIV, LLC, interest paid quarterly at an interest rate of 1.00%, the maturity date is September 13, 2038	6,500,000	6,500,000
	<u>\$ 26,550,000</u>	<u>26,550,000</u>

A schedule of changes in the long-term debt related to the NMTC program for 2016 follows:

	<u>Date of Issuance</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>	<u>Due within one year</u>
Note payable to RGC 2, LLC	9/13/2013	\$ 5,500,000	—	—	5,500,000	—
Note payable to NDC New Markets Investment LXXXIII, LLC	9/13/2013	6,790,000	—	—	6,790,000	—
Note payable to CHHS subsidiary CDE 7, LLC	9/13/2013	7,760,000	—	—	7,760,000	—
Note payable to ST CDE XIV, LLC	9/13/2013	6,500,000	—	—	6,500,000	—
		<u>\$ 26,550,000</u>	<u>—</u>	<u>—</u>	<u>26,550,000</u>	<u>—</u>

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A schedule of changes in the long-term debt related to the NMTC program for 2015 follows:

	<u>Date of Issuance</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>	<u>Due within one year</u>
Note payable to RGC 2, LLC	9/13/2013	\$ 5,500,000	—	—	5,500,000	—
Note payable to NDC New Markets Investment LXXXIII, LLC	9/13/2013	6,790,000	—	—	6,790,000	—
Note payable to CHHS subsidiary CDE 7, LLC	9/13/2013	7,760,000	—	—	7,760,000	—
Note payable to ST CDE XIV, LLC	9/13/2013	6,500,000	—	—	6,500,000	—
		<u>\$ 26,550,000</u>	<u>—</u>	<u>—</u>	<u>26,550,000</u>	<u>—</u>

The aggregate annual maturities of the long-term debt at June 30, 2016 are as follows:

2017	\$	—
2018		—
2019		—
2020		—
2021		—
Thereafter		26,550,000
	\$	<u>26,550,000</u>

The annual interest payments associated with long-term debt are as follows:

2017	\$	265,500
2018		265,500
2019		265,500
2020		556,350
2021		79,597
Thereafter		28,986,051
	\$	<u>30,418,498</u>

The principal balance is due, for each of the notes payable listed above, in its entirety on the stated maturity date. Interest paid was approximately \$265,500 and \$270,000 in 2016 and 2015, respectively.

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**(9) Accrued Expenses and Other Current Liabilities**

The composition of accrued expenses and other current liabilities follows:

	<u>2016</u>	<u>2015</u>
Due to third-party payors	\$ 17,624,000	16,013,000
Compensated absences	8,917,099	9,341,125
Deferred grant revenue	248,071	164,375
Accrued payroll and withholdings	12,827,951	7,487,149
Accrued employee healthcare claims	2,808,000	2,715,000
Professional and general liability costs	1,800,000	2,300,000
Other	302,729	297,027
	<u>\$ 44,527,850</u>	<u>38,317,676</u>

**(10) Net Patient Service Revenue**

Regional One Health has agreements with governmental and other third-party payors that provide for reimbursement to Regional One Health at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- *Medicare* – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based on cost reimbursement or other retroactive-determination methodologies. Regional One Health is paid for retroactively determined items at tentative rates with final settlement determined after submission of annual cost reports by Regional One Health and audits thereof by Regional One Health fiscal intermediary.

Regional One Health's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. Regional One Health's Medicare cost reports have been audited and settled by Regional One Health's fiscal intermediary through June 30, 2013. Revenue from the Medicare program accounted for approximately 24% and 21% of Regional One Health's net patient service revenue for the years ended June 30, 2016 and 2015, respectively.

- *TennCare* – Under the TennCare program, patients traditionally covered by the State of Tennessee Medicaid program and certain members of the uninsured population enroll in managed care organizations that have contracted with the State of Tennessee to ensure healthcare coverage to their enrollees. Regional One Health contracts with the managed care organizations to receive reimbursement for providing services to these patients. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges, or prospectively determined per diem rates. Revenue from the TennCare program

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accounted for approximately 22% of Regional One Health's net patient service revenue for both the years ended June 30, 2016 and 2015.

Regional One Health has historically received incremental reimbursement in the form of Essential Access payments through its participation in the TennCare Program. Amounts received by Regional One Health under this program were approximately \$66,200,000 and \$59,700,000 in 2016 and 2015, respectively. These amounts have been recognized as reductions in related contractual adjustments in the accompanying statements of revenues, expenses, and changes in net position. There can be no assurance that Regional One Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified. Any material reduction in such funds has a correspondingly material adverse effect on Regional One Health's operations.

- *Arkansas Medicaid* – Substantially all inpatient and outpatient services rendered to Arkansas Medicaid program beneficiaries are paid under prospective reimbursement methodologies established by the State of Arkansas. Certain other reimbursement items (principally inpatient nursery services and medical education costs) are based upon cost reimbursement methodologies. Regional One Health is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by Regional One Health and audits thereof by the Arkansas Department of Health and Human Services (DHHS). Regional One Health's Arkansas Medicaid cost reports have been audited and settled by the Arkansas DHHS through June 30, 2012. Revenue from the State of Arkansas Medicaid program accounted for approximately 2% of Regional One Health's net patient service revenue for both years ended June 30, 2016 and 2015.

Regional One Health has historically received incremental reimbursement in the form of Upper Payment Limit (UPL) and additional appropriation payments through its participation in the State of Arkansas Medicaid program. The net benefit for Regional One Health associated with this program, totaling approximately \$2,500,000 and \$2,300,000 for the years ended June 30, 2016 and 2015, respectively, has been recognized as a reduction in related contractual adjustments in the accompanying statements of revenues, expenses, and changes in net position. There can be no assurance that Regional One Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

- *Mississippi Medicaid* – Inpatient and outpatient services rendered to Mississippi Medicaid program beneficiaries are generally paid based upon prospective reimbursement methodologies established by the State of Mississippi. Revenue from the State of Mississippi Medicaid program accounted for approximately 2% of Regional One Health's net patient service revenue for both the years ended June 30, 2016 and 2015.

Regional One Health has historically received incremental reimbursement in the form of Upper Payment Limit (UPL) and additional appropriation payments through its participation in the State of Mississippi Medicaid program. The net benefit for Regional One Health associated with this program, totaling approximately \$5,400,000 for both the years ended June 30, 2016 and 2015, and has been recognized as a reduction in related contractual adjustments in the accompanying statements of revenues, expenses, and changes in net position.

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- *Other* – Regional One Health has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The reimbursement methodologies under these agreements include prospectively determined rates per discharge, per diem amounts, and discounts from established charges.

The composition of net patient service revenue follows:

	<u>2016</u>	<u>2015</u>
Gross patient service revenue	\$ 1,152,642,901	1,106,384,701
Less provision for contractual and other adjustments	767,779,648	670,979,457
Less provision for bad debts	22,507,087	88,270,282
Net patient service revenue	<u>\$ 362,356,166</u>	<u>347,134,962</u>

The composition of incremental reimbursement from various state agencies for participation in TennCare/Medicaid programs follows:

	<u>2016</u>	<u>2015</u>
TennCare essential access	\$ 66,150,059	59,654,700
Arkansas UPL/Disproportionate share	2,497,816	2,326,509
Mississippi disproportionate share	5,360,521	5,405,965
Total payments	<u>\$ 74,008,396</u>	<u>67,387,174</u>

The Health Information Technology for Economic and Clinical Health (HITECH) Act was enacted as part of the American Recovery and Reinvestment Act of 2009 and signed into law in February 2009. In the context of the HITECH Act, Regional One Health must implement a certified Electronic Health Record (EHR) in an effort to promote the adoption and “meaningful use” of health information technology (HIT). The HITECH Act includes significant monetary incentives and payment penalties meant to encourage the adoption of EHR technology. Regional One Health received approximately \$1,792,000 and \$391,000 of incentive payments related to EHR implementation for the years ended June 30, 2016 and 2015, respectively. These amounts are included in net patient service revenue within the statements of revenues, expenses, and change in net position.

**(11) Charity Care**

Regional One Health maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges foregone, based on established rates, were approximately \$291,300,000 and \$283,700,000 in 2016 and 2015, respectively. Included in the charges foregone is the upfront discount applied to all uninsured patients of approximately \$140,000,000 and \$98,300,000 in 2016 and 2015, respectively, as Regional One Health does not pursue collection on these amounts. Regional One Health’s estimated cost of caring for charity care patients for the years ended June 30, 2016 and 2015, was approximately \$88,300,000 and \$82,600,000, respectively.

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**(12) Retirement Plans**

**(a) Defined Benefit Plan**

Regional One Health contributes to the Shelby County Retirement System (the Retirement System), a cost-sharing single-employer defined benefit public employee retirement system (PERS) established by Shelby County, Tennessee. The Retirement System is administered by a board, the majority of whose members are nominated by the Shelby County Mayor, subject to approval by the Shelby County Board of Commissioners. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Shelby County Retirement System, Suite 950, 160 North Main, Memphis, Tennessee 38103 or by calling 901-545-3570.

Shelby County provides office space and certain administrative services at no cost to the Retirement System. All other costs to administer the plan are paid from plan earnings.

The Retirement System consists of three plans (Plans A, B, and C). In 1990, Plans A and B were merged into one reporting entity, whereby total combined assets of the merged plans are available for payment of benefits to participants of either of the two previously existing plans. In 2005, Plan C was added and merged with Plans A and B for funding purposes. While the plans were merged, the Retirement System has retained the membership criteria of the previous plans, which are as follows:

- Plan C, a contributory cost-sharing multiple-employer defined benefit pension plan for employees who are also eligible for Plan A,
- Plan B, a contributory cost-sharing multiple-employer defined benefit pension plan for employees hired prior to December 1, 1978, and
- Plan A, a contributory cost-sharing multiple-employer defined benefit pension plan for employees hired on or after December 1, 1978, and those employees that elected to transfer to Plan A from Plan B before January 1, 1981. Plan A was noncontributory for all years prior to 2013.

The Shelby County Board of Commissioners establishes the Retirement System's benefit provisions. Regional One Health pays the established contribution rate to the Shelby County Pension Plan with the employee contribution being withheld from employee pay and Regional One Health paying the employer contribution rate. Regional One Health has no further obligation once the employee leaves Regional One Health. The Retirement System provides retirement, as well as survivor and disability defined benefits.

The Retirement System's funding policy for employee contribution requirements is established by the Board of Administration of the Retirement System. The Shelby County Board of Commissioners establishes the Retirement System's funding policy for employer contribution requirements. For fiscal years 2016, 2015, and 2014, the employer contribution requirements were based on the actuarially determined contribution rates, which were 13.26%, 13.35%, and 13.26%, respectively.

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The actuarially determined contribution rate was calculated using a projected unit credit service pro rata cost method for Plan A, Plan B, and Plan C participants.

For fiscal years 2016, 2015, and 2014, the following contributions were made to the defined benefit plans:

	2016	2015	2014
Regional One Health's contributions:			
Plan A	\$ 168,514	266,282	367,032
Plan B	—	233	2,020
Plan C	39,839	157,330	82,447
Employee contributions:			
Plan A	\$ 15,971	27,224	20,783
Plan B	—	82	709
Plan C	15,259	24,700	23,343

The contributions as a percentage of earned compensation were the same as those for the Retirement System. Regional One Health contributed 100% of its required contributions in 2016, 2015, and 2014.

**(b) Defined Contribution Plan**

Effective October 1, 2009, Regional One Health established, under the authority of its Board of Directors, The Regional Medical Center at Memphis 403(b) Retirement Plan, a defined contribution pension plan covering employees 21 years of age and older who have completed one year of service. The plan is administered by Regional One Health. The plan provides for a 100% employer match on employee contributions up to 4% of employee compensation. Participants are immediately vested in their contributions plus actual earnings thereon. Participants vest 20% in the employers matching contributions after two years of service, 50% after three years, 75% after four years, and 100% after five years. Forfeitures remain in the plan for the benefit of other participants. Regional One Health contributed approximately \$2,800,000 and \$2,400,000 to the 403(b) plan for the years ended June 30, 2016 and 2015, respectively. 403(b) plan participants contributed approximately \$5,100,000 and \$4,300,000 to the 403(b) plan for the years ended June 30, 2016 and 2015, respectively.

Effective December 1, 2010, Regional One Health established, under the authority of its Board of Directors, The Regional Medical Center at Memphis Nonqualified Supplemental Retirement Plan (Supplemental Retirement Plan). The plan is administered by Regional One Health. The Supplemental Retirement Plan was formed under Section 457(f) of the IRC of 1986, and management believes that it complies with all provisions applicable to a nonqualified deferred compensation plan under IRC Section 409A. Plan participants contributed approximately \$757,000 and \$194,000 to the plan for the years ended June 30, 2016 and 2015, respectively.

**(13) Postretirement Benefit Plan**

Regional Medical Center Healthcare Benefit Plan (the Plan) is a single-employer defined benefit healthcare plan sponsored and administered by Regional One Health. The Plan provides medical and life insurance

**SHELBY COUNTY HEALTH CARE CORPORATION**

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## Notes to Basic Financial Statements

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benefits to eligible retirees and their spouses. Regional One Health's Board of Directors is authorized to establish and amend all provisions. Regional One Health does not issue a publicly available financial report that includes financial statements and required supplementary information for the Plan.

During fiscal year 2010, Regional One Health's Board of Directors approved a plan amendment that eliminated medical coverage for those employees who did not have 15 years of service as of December 31, 2009 and eliminated life insurance coverage for those employees retiring January 1, 2010 or later.

Per GASB Statement No. 45, *Accounting and Financial Reporting Employers for Postemployment Benefits Other Than Pensions*, for financial reporting purposes an actuarial valuation is required at least biennially for postretirement benefit plans with a total membership of 200 or more. Regional One Health's postretirement benefit plan had approximately 308 members as of the last actuarial valuation of June 30, 2016.

**(a) Funding Policy**

The contribution requirements of employees and the Plan are established and may be amended by Regional One Health's Board of Directors. Monthly contributions are required by retirees who are eligible for coverage. Regional One Health pays for costs in excess of required retiree contributions. These contributions are assumed to increase based on future medical plan cost increases. For fiscal 2016 and 2015, Regional One Health contributed approximately \$959,000 and \$1,181,000, respectively, net of retiree contributions, to the Plan. Plan members receiving benefits contributed approximately \$154,000 in fiscal 2016 and \$233,000 in fiscal 2015 through their required contributions. The following table summarizes the monthly contribution rates for the year beginning July 1, 2015:

	<u>Retiree</u>	<u>Spouse</u>
Pre-Medicare	\$ 2,004	2,244
Pre-Medicare eligible	708	1,668

**(b) Annual OPEB Cost and Net OPEB Obligation**

Regional One Health's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table shows the components of

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Regional One Health's annual OPEB cost for fiscal 2016, the amounts actually contributed to the Plan, and changes in Regional One Health's net OPEB obligation:

	<u>2016</u>	<u>2015*</u>
Annual required contributions and annual OPEB cost	\$ 1,323,070	1,290,462
Contributions made	<u>1,113,070</u>	<u>1,452,462</u>
Increase (decrease) in net OPEB obligation	210,000	(162,000)
Net OPEB obligation, beginning of year	<u>750,000</u>	<u>912,000</u>
Net OPEB obligation, end of year	\$ <u><u>960,000</u></u>	<u><u>750,000</u></u>

**(c) Three-Year Trend Information**

<u>Fiscal year ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
June 30, 2016	\$ 1,323,070	79.0%	\$ 918,679
June 30, 2015	1,350,954	107.5	646,672
June 30, 2014	1,297,799	114.6	748,180

\* Regional One Health did not obtain an actuarial evaluation of the postemployment benefit plan, as allowed by relevant accounting literature, for the year ended June 30, 2015, so the results reported above are related to the June 30, 2014 valuation.

**(d) Funded Status and Funding Progress – Required Supplementary Information**

As of July 1, 2015, the Plan was not funded. The actuarial accrued liability for benefits was \$19,271,148 resulting in an unfunded actuarial accrued liability (UAAL) of \$19,271,148.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as presented below as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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**(e) Schedule of Funding Progress – Required Supplementary Information**

Analysis of the Plan's funding status follows:

Actuarial valuation date*	Actuarial value of plan assets	Actuarial accrued liability (AAL)	Plan assets less than AAL	Funded ratio	Covered payroll	AAL as a percentage of covered payroll
July 1, 2013	\$ —	20,050,142	20,050,142	—	\$ 18,116,596	111.0
July 1, 2014	—	20,050,142	20,050,142	—	18,116,596	111.0
July 1, 2015	—	19,271,148	19,271,148	—	18,693,833	109.0

\* All inputs for valuation is provided as of beginning of the fiscal year being actuarially valued.

**(f) Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 3% investment rate of return, which is a long-term rate of return on general account assets, and an annual inflation rate and annual healthcare cost trend rate of 7.1%, reducing each year until it reaches an annual rate of 4.4% in 2084. The UAAL is being amortized, using a level percentage of pay method, over a 30-year period under the Projected Unit Credit Method.

**(14) Transactions with University of Tennessee Center for Health Services**

Regional One Health contracts with University of Tennessee Center for Health Services (UTCHS) and University of Tennessee Medical Group (UTMG) to provide, among other things, Regional One Health's house staff, professional supervision of certain ancillary departments, and professional care for indigent patients. Regional One Health also provides its facilities as a teaching hospital for UTCHS.

Operating expenses include approximately \$21,600,000 and \$26,100,000 for the years ended June 30, 2016 and 2015, respectively, for all professional and other services provided by UTCHS/UTMG.

On October 1, 2014, Regional One Health and the University of Tennessee Health Science Center created a jointly governed physician's group known as the University of Tennessee Regional One Physicians (UTROP). The UTROP physician group will replace the existing relationship between Regional One Health and UTMG, and will provide Regional One Health's professional supervision of certain ancillary departments and professional care for patients. Under the UTROP professional services agreement, UTROP assigns all physician revenue to Regional One Health for a fixed contracted fee based on the number of physicians needed to operate the hospital. Regional One Health records the patient service revenue earned by these physicians as gross patient service revenue and is at risk for the collection of these amounts. The fixed fee amount paid by Regional One Health to UTROP during the 2016 and 2015 years was approximately

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\$51,300,000 and \$35,600,000, respectively, and is included in purchased medical services on the statements of revenues, expenses, and changes in net position.

**(15) Risk Management**

Regional One Health has a self-insurance program for professional and general liability risks, both with respect to claims incurred after the effective date of the program and claims incurred but not reported prior to that date. Regional One Health has not acquired any excess coverage for its self-insurance because Regional One Health is afforded sovereign immunity in accordance with applicable statutes. Presently, sovereign immunity limits losses to \$300,000 per claim. Regional One Health has recorded an accrual for self-insurance losses totaling approximately \$4,200,000 and \$6,800,000 at June 30, 2016 and 2015, respectively.

Incurred losses identified through Regional One Health's incident reporting system and incurred but not reported losses are accrued based on estimates that incorporate Regional One Health's current inventory of reported claims and historical experience, as well as considerations such as the nature of each claim or incident, relevant trend factors, and advice from consulting actuaries.

The following is a summary of changes in Regional One Health's self-insurance liability for professional and general liability costs for fiscal 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Balance at July 1	\$ 6,830,000	7,152,000
Provision for claims reported and claims incurred but not reported	(1,777,112)	179,580
Claims paid	<u>(826,888)</u>	<u>(501,580)</u>
	4,226,000	6,830,000
Amounts classified as accrued expenses and other current liabilities	<u>(1,800,000)</u>	<u>(2,300,000)</u>
Balance at June 30	<u><u>\$ 2,426,000</u></u>	<u><u>4,530,000</u></u>

Like many other businesses, Regional One Health is exposed to various risks of loss related to theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illness; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Claims settled through June 30, 2016 have not exceeded this commercial coverage in any of the three preceding years.

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The following is a summary of changes in Regional One Health's self-insurance liability for employee health coverage (included in accrued expenses and other current liabilities in the accompanying balance sheets) for fiscal 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Balance at July 1	\$ 2,715,000	1,826,000
Claims reported and claims incurred but not reported	18,433,806	16,024,010
Claims paid	<u>(18,340,806)</u>	<u>(15,135,010)</u>
Balance at June 30	<u>\$ 2,808,000</u>	<u>2,715,000</u>

**(16) Commitments**

Regional One Health has outstanding service contracts for management services, equipment maintenance, and blood supply services. Estimated future payments under the contracts follow:

2017	\$ 3,712,864
2018	2,862,018
2019	2,415,295
2020	2,172,756
2021	1,519,940
Thereafter	<u>1,294,327</u>
	<u>\$ 13,977,200</u>

Expense under these contracts and other contracts was approximately \$13,700,000 and \$11,800,000 for the years ended June 30, 2016 and 2015, respectively.

**(17) Leases**

Regional One Health has entered into noncancelable operating leases for certain buildings and equipment. Rental expense for all operating leases was approximately \$5,300,000 and \$5,200,000 for the years ended June 30, 2016 and 2015, respectively. The future minimum payments under noncancelable operating leases as of June 30, 2016 follow:

2017	\$ 5,301,607
2018	4,725,940
2019	2,147,698
2020	1,756,670
2021	1,456,202
Thereafter	<u>8,046,932</u>
	<u>\$ 23,435,049</u>

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**(18) Healthcare Industry Environment**

Management at Regional One Health continually monitors economic conditions closely, both with respect to potential impacts on the healthcare provider industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact Regional One Health in a number of ways, including uncertainties associated with U.S. healthcare system reform and rising self-pay and emerging high-deductible plan funded patient volumes coupled with increases in uncompensated care and decreasing reimbursement rates relative to governmental payors.

**SHELBY COUNTY HEALTH CARE CORPORATION**  
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Combining Schedule -- Statement of Net Position

June 30, 2016

Assets	Shelby County Health Care Corporation	Regional Med Extended Care Hospital LLC	Regional One Health Foundation	Shelby County Health Care Properties, Inc.	Regional One Properties, Inc.	Eliminations	Combined
<b>Assets:</b>							
Cash and cash equivalents	\$ 14,989,620	1,601,547	66,189	52,694	—	—	16,710,050
Investments	111,841,180	—	—	—	—	—	111,841,180
Patient accounts receivable, net	56,892,838	7,529,599	—	—	—	—	64,422,437
Other receivables	13,494,125	—	26,656	149,000	—	141,634	13,811,415
Other current assets	6,397,835	34,999	—	849,337	—	—	7,282,171
Total current assets	203,615,398	9,166,145	92,845	1,051,031	—	141,634	214,067,253
Restricted cash	—	—	—	437,060	—	—	437,060
Restricted investments	—	—	6,062,721	—	—	—	6,062,721
Equity investments	11,914,448	—	—	—	1,066,223	—	12,980,671
Notes receivable	19,221,600	—	—	—	—	—	19,221,600
Capital assets, net	46,903,717	—	—	40,587,300	3,497,896	—	90,988,913
Total assets	\$ 281,655,363	9,166,145	6,155,566	42,075,391	4,564,119	141,634	343,758,218
<b>Liabilities and Net Position</b>							
<b>Liabilities</b>							
Accounts payable	\$ 14,448,095	1,355	3,286	—	—	—	14,452,736
Accrued expenses and other current liabilities	44,105,141	127,347	4,906	148,822	—	141,634	44,527,850
Total current liabilities	58,553,236	128,702	8,192	148,822	—	141,634	58,980,586
Accrued professional and general liability costs	2,426,000	—	—	—	—	—	2,426,000
Obligation under reverse repurchase agreement	11,893,738	—	—	—	—	—	11,893,738
Net postemployment benefit obligation	960,000	—	—	—	—	—	960,000
Notes payable	—	—	—	26,550,000	—	—	26,550,000
Total liabilities	73,832,974	128,702	8,192	26,698,822	—	141,634	100,810,324
<b>Net position:</b>							
Invested in capital assets	46,903,717	—	—	14,037,300	3,497,896	—	64,438,913
Restricted for:							
Capital assets	—	—	1,896,509	—	—	—	1,896,509
Indigent care	—	—	702,167	—	—	—	702,167
Notes payable	—	—	—	437,060	—	—	437,060
Unrestricted	160,918,672	9,037,443	3,548,698	902,209	1,066,223	—	175,473,245
Total net position	207,822,389	9,037,443	6,147,374	15,376,569	4,564,119	—	242,947,894
Total liabilities and net position	\$ 281,655,363	9,166,145	6,155,566	42,075,391	4,564,119	141,634	343,758,218

See accompanying independent auditors' report.

**SHELBY COUNTY HEALTH CARE CORPORATION**  
(A Component Unit of Shelby County, Tennessee)

Combining Schedule -- Statement of Net Position

June 30, 2015

Assets	Shelby County Health Care Corporation	Regional Med Extended Care Hospital LLC	Regional One Health Foundation	Shelby County Health Properties, Inc.	Regional One Properties, Inc.	Eliminations	Combined
<b>Assets:</b>							
Cash and cash equivalents	\$ 7,783,038	1,704,548	229,220	47,353	—	—	9,764,159
Investments	109,959,639	—	—	—	—	—	109,959,639
Patient accounts receivable, net	62,293,919	6,333,837	—	—	—	—	68,627,756
Other receivables	15,002,965	—	88,484	149,000	—	(4,272,034)	10,968,415
Other current assets	5,948,357	34,880	—	1,052,482	—	—	7,035,719
<b>Total current assets</b>	<b>200,987,918</b>	<b>8,073,265</b>	<b>317,704</b>	<b>1,248,835</b>	<b>—</b>	<b>(4,272,034)</b>	<b>206,355,688</b>
Restricted cash	—	—	—	514,785	—	—	514,785
Restricted investments	9,886,001	—	6,901,313	—	—	—	6,901,313
Equity investments	19,221,600	—	—	—	1,113,875	—	10,999,876
Notes receivable	53,189,906	—	—	39,319,663	3,497,896	—	19,221,600
Capital assets, net	283,285,425	8,073,265	7,219,017	41,083,283	4,611,771	(4,272,034)	96,007,465
<b>Total assets</b>							<b>340,000,727</b>
<b>Liabilities and Net Position</b>							
<b>Liabilities</b>							
Accounts payable	\$ 14,060,373	36,093	8,684	—	—	(12,385)	14,092,765
Accrued expenses and other current liabilities	37,876,561	4,552,564	—	148,200	—	(4,259,649)	38,317,676
<b>Total current liabilities</b>	<b>51,936,934</b>	<b>4,588,657</b>	<b>8,684</b>	<b>148,200</b>	<b>—</b>	<b>(4,272,034)</b>	<b>52,410,441</b>
Accrued professional and general liability costs	4,530,000	—	—	—	—	—	4,530,000
Net postemployment benefit obligation	750,000	—	—	—	—	—	750,000
Notes payable	—	—	—	26,550,000	—	—	26,550,000
<b>Total liabilities</b>	<b>57,216,934</b>	<b>4,588,657</b>	<b>8,684</b>	<b>26,698,200</b>	<b>—</b>	<b>(4,272,034)</b>	<b>84,240,441</b>
<b>Net position:</b>							
Invested in capital assets	53,189,906	—	—	12,769,663	3,497,896	—	69,457,465
Restricted for:	—	—	2,855,282	—	—	—	2,855,282
Capital assets	—	—	834,684	—	—	—	834,684
Indigent care	—	—	—	514,785	—	—	514,785
Notes payable	172,878,585	3,484,608	3,520,367	1,100,635	1,113,875	—	182,098,070
Unrestricted	226,068,491	3,484,608	7,210,333	14,385,083	4,611,771	—	255,760,286
<b>Total net position</b>	<b>283,285,425</b>	<b>8,073,265</b>	<b>7,219,017</b>	<b>41,083,283</b>	<b>4,611,771</b>	<b>(4,272,034)</b>	<b>340,000,727</b>
<b>Total liabilities and net position</b>							

See accompanying independent auditors' report.

**SHELBY COUNTY HEALTH CARE CORPORATION**  
(A Component Unit of Shelby County, Tennessee)

Combining Schedule Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2016

	Shelby County Health Care Corporation	Regional Med Extended Care Hospital LLC	Regional One Health Foundation	Shelby County Health Care Properties, Inc.	Regional One Properties, Inc.	Eliminations	Combined
Operating revenues:							
Net patient service revenue	\$ 349,505,120	12,851,046	—	—	—	—	362,356,166
Other revenue	33,047,412	2,621	1,319,771	298,000	—	(1,336,031)	33,331,773
Total operating revenues	382,552,532	12,853,667	1,319,771	298,000	—	(1,336,031)	395,687,939
Operating expenses:							
Salaries and benefits	185,168,053	6,345,224	—	—	—	—	191,513,277
Supplies and services	90,851,348	2,502,193	—	—	—	—	93,353,541
Physician and professional fees	24,728,097	1,352,765	—	—	—	—	26,080,862
Purchased medical services	55,981,532	34,450	—	—	—	—	56,015,982
Plant operations	14,587,161	43,104	—	—	—	—	14,630,265
Insurance	284,626	137,916	—	—	—	—	422,542
Administrative and general	36,924,303	1,695,344	—	308,651	—	—	38,928,298
Community services	—	—	2,269,192	—	—	(1,336,031)	933,161
Depreciation	13,425,927	—	—	5,146,002	—	—	18,571,929
Total operating expenses	421,951,047	12,110,996	2,269,192	5,454,653	—	(1,336,031)	440,449,857
Operating income (loss)	(39,398,515)	742,671	(949,421)	(5,156,653)	—	—	(44,761,918)
Nonoperating revenues (expenses):							
Interest expense	(132,398)	—	—	(265,500)	—	—	(397,898)
Investment income (loss)	3,180,287	—	(113,538)	—	—	—	3,066,749
Appropriations from Shelby County	27,408,000	—	—	—	(47,652)	—	27,408,000
Other	1,920,327	—	—	6,413,639	—	—	1,872,675
Transfers in (out)	(11,223,803)	4,810,164	—	—	—	—	—
Total nonoperating revenues (expenses), net	21,152,413	4,810,164	(113,538)	6,148,139	(47,652)	—	31,949,526
Increase (decrease) in net position	(18,246,102)	5,552,835	(1,062,959)	991,486	(47,652)	—	(12,812,392)
Net position, beginning of year	226,068,491	3,484,608	7,210,333	14,385,083	4,611,771	—	255,760,286
Net position, end of year	\$ 207,822,389	9,037,443	6,147,374	15,376,569	4,564,119	—	242,947,894

See accompanying independent auditors' report.

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Schedule 4

## SHELBY COUNTY HEALTH CARE CORPORATION

(A Component Unit of Shelby County, Tennessee)

Combining Schedule - Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2015

	Shelby County Health Care Corporation	Regional Med Extended Care Hospital LLC	Regional One Health Foundation	Shelby County Health Care Properties, Inc.	Regional One Properties, Inc.	Eliminations	Combined
Operating revenues:							
Net patient service revenue	\$ 332,537,513	14,597,449					347,134,962
Other revenue	24,806,665	1,033	1,255,747	298,000		(121,529)	26,239,916
Total operating revenues	357,344,178	14,598,482	1,255,747	298,000		(121,529)	373,374,878
Operating expenses:							
Salaries and benefits	173,395,571	5,826,154					179,221,725
Supplies and services	81,861,816	2,266,459					84,128,275
Physician and professional fees	24,651,753	823,432					25,475,185
Purchased medical services	44,388,994	59,426					44,448,420
Plant operations	13,735,526	48,328					13,783,854
Insurance	2,736,388	106,660					2,843,048
Administrative and general	32,366,558	2,132,018		247,462			34,746,038
Community services			879,110			(121,529)	757,581
Depreciation	13,527,554			4,677,433			18,204,987
Total operating expenses	386,664,360	11,262,477	879,110	4,924,895		(121,529)	403,609,313
Operating income (loss)	(29,320,182)	3,336,005	376,637	(4,626,895)			(30,234,435)
Nonoperating revenues (expenses):							
Interest expense	(82,291)			(265,500)			(347,791)
Investment income	3,359,767		218,268				3,578,035
Appropriations from Shelby County	26,816,000						26,816,000
Other	8,607,816			1,075	121,268		8,730,159
Transfers in (out)	(982,694)	(658,075)		3,869,244	(2,228,475)		
Total nonoperating revenues (expenses), net	37,718,598	(658,075)	218,268	3,604,819	(2,107,207)		38,776,403
Increase (decrease) in net position	8,398,416	2,677,930	594,905	(1,022,076)	(2,107,207)		8,541,968
Net position, beginning of year	217,670,075	806,678	6,615,428	15,407,159	6,718,978		247,218,318
Net position, end of year	\$ 226,068,491	3,484,608	7,210,333	14,385,083	4,611,771		255,760,286

See accompanying independent auditors' report

**SHELBY COUNTY HEALTH CARE CORPORATION**  
(A Component Unit of Shelby County, Tennessee)

Combining Schedule -- Statement of Cash Flows

Year ended June 30, 2016

	Shelby County Health Care Corporation	Regional Med Extended Care Hospital LLC	Regional One Health Foundation	Shelby County Health Care Properties, Inc.	Regional One Properties, Inc.	Combined
Cash flows from operating activities:						
Receipts from and on behalf of patients and third-party payors	\$ 355,629,358	11,655,284	—	—	—	367,284,642
Other cash receipts	31,530,307	2,621	1,381,599	298,000	—	33,212,527
Payments to suppliers	(224,416,677)	(5,565,754)	(2,232,321)	(104,884)	—	(232,319,636)
Payments to employees and related benefits	(180,308,349)	(6,195,152)	—	—	—	(186,503,501)
Net cash (used in) provided by operating activities	(17,565,361)	(103,001)	(850,722)	193,116	—	(18,325,968)
Cash flows from noncapital financing activity:						
Appropriations received from Shelby County	25,328,013	—	—	—	—	25,328,013
Net cash provided by noncapital financing activity	25,328,013	—	—	—	—	25,328,013
Cash flows from capital and related financing activities:						
Capital expenditures	(13,661,497)	—	—	—	—	(13,661,497)
Interest payments	(124,420)	—	—	(265,500)	—	(389,920)
Net cash used in capital and related financing activities	(13,785,917)	—	—	(265,500)	—	(14,051,417)
Cash flows from investing activities:						
Purchases of investments	(298,258,539)	—	(2,406,675)	—	—	(300,665,214)
Proceeds from sale of investments	309,233,179	—	3,009,734	—	—	312,242,913
Investment income proceeds	2,255,207	—	84,632	—	—	2,339,839
Net cash provided by investing activities	13,229,847	—	687,691	—	—	13,917,538
Net increase (decrease) in cash and cash equivalents	7,206,582	(103,001)	(163,031)	(72,384)	—	6,868,166
Cash and cash equivalents, beginning of year	7,783,038	1,704,548	229,220	562,138	—	10,278,944
Cash and cash equivalents, end of year	\$ 14,989,620	1,601,547	66,189	489,754	—	17,147,110

See accompanying independent auditors' report.

# SHELBY COUNTY HEALTH CARE CORPORATION

(A Component Unit of Shelby County, Tennessee)

Combining Schedule – Statement of Cash Flows

Year ended June 30, 2015

Schedule 6

**SUPPLEMENTAL #1**

**May 31, 2017**

**12:15 pm**

	Shelby County Health Care Corporation	Regional Med Extended Care Hospital LLC	Regional One Health Foundation	Shelby County Health Care Properties, Inc.	Regional One Properties, Inc.	Combined
Cash flows from operating activities:						
Receipts from and on behalf of patients and third-party payors	\$ 325,457,607	9,551,683	—	—	—	335,009,290
Other cash receipts	23,039,837	1,033	2,269,038	298,003	—	25,607,911
Payments to suppliers	(203,050,361)	(2,783,322)	(2,428,965)	(49,950)	—	(208,312,598)
Payments to employees and related benefits	(174,270,360)	(5,745,916)	—	—	—	(180,016,276)
Net cash (used in) provided by operating activities	(28,823,277)	1,023,478	(159,927)	248,053	—	(27,711,673)
Cash flows from noncapital financing activity:						
Appropriations received from Shelby County	26,816,000	—	—	—	—	26,816,000
Net cash provided by noncapital financing activity	26,816,000	—	—	—	—	26,816,000
Cash flows from capital and related financing activities:						
Capital expenditures	(11,893,966)	—	—	—	—	(11,893,966)
Proceeds from pledges	22,169	—	—	—	—	22,169
Proceeds from sale of capital assets	31,398	—	—	—	—	31,398
Interest payments	(82,291)	—	—	(269,625)	—	(351,916)
Net cash used in capital and related financing activities	(11,922,690)	—	—	(269,625)	—	(12,192,315)
Cash flows from investing activities:						
Purchases of investments	(235,785,505)	—	(2,544,250)	—	—	(238,329,755)
Proceeds from sale of investments	246,600,615	—	2,484,809	—	—	249,085,424
Investment in equity investees	(1,300,000)	—	—	—	—	(1,300,000)
Investment income proceeds	3,236,158	—	109,562	—	—	3,345,720
Net cash provided by investing activities	12,751,268	—	50,121	—	—	12,801,389
Net (decrease) increase in cash and cash equivalents	(1,178,699)	1,023,478	(109,806)	(21,572)	—	(286,599)
Cash and cash equivalents, beginning of year	8,961,737	681,070	339,026	583,710	—	10,565,543
Cash and cash equivalents, end of year	\$ 7,783,038	1,704,548	229,220	562,138	—	10,278,944

See accompanying independent auditors' report.

**SHELBY COUNTY HEALTH CARE CORPORATION**

(A Component Unit of Shelby County, Tennessee)

**Roster of Management Officials and Board Members**

June 30, 2016

(Unaudited)

**Management Officials**

Reginald Coopwood, M.D., President and CEO

Eric Benink, M.D., Senior Vice President/Chief Medical Officer

Pam Castleman, MSN, Senior Vice President/Chief Nursing Officer

Sarah Colley, Senior Vice President

Susan Cooper, RN, MSN, FAAN, Senior Vice President/Chief Integration Officer

Jackie Lucas, FACHE, Senior Vice President/CIO

Tammie Ritchey, CFRE, Vice President of Development/Foundation Executive Director

Robert Sumter, Ph.D., Executive Vice President/COO

Tish Towns, FACHE, Senior Vice President, External Relations

Rick Wagers, MBA, Senior Executive Vice President/CFO

Monica Wharton, ESQ, Senior Vice President/Chief Legal Counsel

**Board Members**

Ken Brown, Ph.D.

Pam Brown

Tyrone Burroughs

Ronald Coleman

Judy Edge

William D. Evans, Pharm.D.

James Freeman, M.D.

Brenda Hardy, M.D.

Edith Kelly-Green

Scot Lenoir

Scott McCormick

Commissioner Reginald Milton

David Popwell

Phil Shannon

John Vergos

See accompanying independent auditors' report.

**May 31, 2017**

**12:15 pm**

**35. Section B, Economic Feasibility, Item. F.3 Capitalization Ratio**

Please provide a capitalization ratio. This is required for all projects.

**Response:**

As stated in question 34, Baptist Memorial Health Care Corporation does not have long term debt, therefore, the ratio cannot be calculated.

Regional One Capitalization Ratio is shown on question 34.

**May 31, 2017****12:15 pm****36. Section B. Economic Feasibility Item H.**

It is noted Team Health will provide the emergency physician staffing needs. Please provide an overview of the Team Health organization.

**Response:**

Materials about TeamHealth can be found at their website  
<https://www.teamhealth.com/our-company>

The following page has a Case Study on Clinical Integration involving Team Health and Baptist Memorial Hospital - Union County.

The staffing chart on page 38 is noted. However, please include the columns representing the average wage and area wide/statewide average wage as prescribed in the application form and submit a replacement page.

**Response:**

The staffing chart has been completed.

<b>Position Classification</b>	<b>Existing FTEs (enter year)</b>	<b>Projected FTEs Year 1</b>	<b>Average Wage (Contractual Rate)</b>	<b>Area Wide/Statewide Average Wage</b>
<b>a) Direct Patient Care Positions</b>	N/A			
RNs		8.2	\$27.84	\$27.10
Respiratory Therapist		3.5	\$28.85	\$23.16
Medical Assistant		3.3	\$14.00	\$13.48
Manager		1	\$37.30	\$37.86
Lab Tech		3.2	\$26.50	\$16.81
Ultrasound Tech		3.2	\$28.15	\$23.49
CT Tech		3.3	\$25.50	\$24.45
<b>Total Direct Patient Care</b>		25.7		
<b>b) Non-Patient Care Positions</b>				
Director		1	\$55.25	\$40.54
MM Tech		1	\$11.56	\$11.55
Receptionist		3.2	\$15.00	\$13.85
<b>Total Non-Patient Care Positions</b>		5.2		
<b>Total Employees (A+B)</b>		30.9		

**May 31, 2017****12:15 pm**

c) Contractual Staff Security		4.3	\$14.00	
Total Staff (a+b+c)		35.2		

During Agency meeting in November 15, 2015 for Baptist Memorial Hospital Satellite ED (Lakeland), it was discussed there is a shortage of registered nurses (RNs) in Shelby County to staff emergency departments. Please discuss how the applicant will address the recruitment and hiring of RNs.

**Response:**

As stated in the application, Baptist Memorial Health Care Corporation is a strong supporter of educational opportunities throughout the region. Baptist's Philosophy and Mission for the system states that, "... it seeks to ENCOURAGE, GUIDE, and INSTRUCT those individuals entering into professions related to the healing of the body, mind and spirit."

Baptist Memorial College of Health Sciences was chartered in 1994 as a specialized college offering baccalaureate degrees in nursing and in allied health sciences as well as continuing education opportunities for healthcare professionals.

The four year BHS degree includes radiology training in areas of diagnostic medical services, and radiographic technology. BMH will participate to make student learning opportunities available as circumstances allow.

# CASE STUDY: Clinical Integration

## Hospital Information

Baptist Memorial Hospital Union County  
New Albany, Mississippi  
ED Volume: 16,000 annual visits  
Annual Admissions: 4,000

## TeamHealth Services

Emergency Medicine  
Hospital Medicine

**"We so appreciate  
Drs. Thompson and Pitcock  
being proactive  
for our community and  
our patients."**

*Administrative Director*

## Challenge

Baptist Memorial Hospital – Union County (BMH-UH) originally partnered with TeamHealth in 2008 for emergency medicine services. Looking to realize even more operational and economic efficiencies, the hospital called on TeamHealth to implement a collaborative model between the emergency medicine and hospital medicine service lines.

## Solution

Under this model, emergency medicine and hospital medicine providers share joint goals and responsibilities to ensure efficient, cost-effective patient flow across the continuum of care. One ongoing goal is to assist the hospital in its vision of being the healthcare provider of choice by partnering with patients, families, and care providers to transform the delivery of healthcare. Providing public educational programs is a major key to achieving that goal and to establishing meaningful community relationships that promote overall wellness.

BMH-UC's emergency medicine medical director (Dr. Robert Pitcock) and hospital medicine medical director (Dr. Tim Thompson) recognized a growing need to educate the community about stroke symptoms and prevention. Collaboratively they developed a stroke education seminar and presented to a group of 118 attendees of a public meeting.



## Results

In addition to improving healthcare within the community, the physician's unified approach helped the hospital's image. Nationwide there is a perception that healthcare is a fragmented system. In this community, attendees were delighted to see two physicians from different specialties presenting together on a crucial healthcare topic. Presentation attendees provided outstanding feedback to BMH-UC regarding their appreciation for the presentation. BMH-UH appreciated the department leaders' dedication to community outreach. Through the stroke education seminar, Drs. Pitcock and Thompson hoped to encourage potential stroke victims in their community to react quickly to symptoms and seek immediate treatment in order to see the best possible patient outcome.

**37. Section B. , Orderly Development, Item A**

Please list all existing health care providers, managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to this project, such as, transfer agreements, contractual agreements for health services.

**Response:**

The list of Transfer Agreements for Baptist Memorial Hospital-Memphis is shown below.

AMISUB (SFH), Inc.
Amisub Inc.
Baptist Skilled Rehabilitation Unit
Baptist Memorial Hospital - Tipton
Baptist Memorial Rehabilitation Hospital
Bright Glade Convalescent Center
East Memphis Surgery Center
Eye Care Surgery Center of Memphis
GI Diagnostic and Therapeutic Center, LLC
Hamilton Eye Surgery Center
King's Daughters & Sons Home
Lauderdale Community Hospital
Le Bonheur Children's Medical Center
Le Bonheur Children's Hospital
Magnolia Regional Health Center
Medical Center Endoscopy Group
Memphis Gastroenterology Group
Primacy Healthcare and Rehabilitation Center
Senior Services Health Care Center
Shea Clinic
The Village at Germantown
Trezevant Manor
Regional One Health

Plan Provider
Advanced Health Systems, Inc.
Aetna
Aetna Medicare Advantage
American PPO
AmeriChoice
Arkansas Managed Care Organization (AMCO)
Assurant (see John Alden Life Insurance Company)

Blue Cross and Blue Shield of Mississippi
Blue Cross and Blue Shield of Tennessee BlueCare/TennCare Select
Blue Cross and Blue Shield of Tennessee Medicare Advantage
Blue Cross and Blue Shield of Tennessee Network P
Blue Cross and Blue Shield of Tennessee Network S
Bluegrass Family Health Single Source
Cigna Healthplan of TN PPO/EPO/Fundamental
Cigna Healthplan of TN State of TN Employees
Coventry Health Care
Coventry Health Care First Health
Evolutions Healthcare System, Inc.
First Choice Health Plan of Mississippi
Government Employees Health Association, Inc. (GEHA)/PPO USA
HealthSCOPE Benefits, Inc.
HealthSpring Medicare Advantage
Humana ChoiceCare Network
Humana's HMO/EPO Network
Humana Medicare Advantage
Magnolia Health Plan (Centene - Managed MS Medicaid)
Mississippi Physicians Care Network
MultiPlan, Inc.
NovaNet
NovaSys Health
Pittman & Associates, Inc.
PPOplus, LLC
Private Healthcare Systems (PHCS)
Private Healthcare Systems (PHCS) Savilitym
Provider Select, Inc.
QualChoice of Arkansas, Inc.
USA Managed Care Organization, Inc.

**May 31, 2017**

**12:15 pm**

**38. Section B. , Orderly Development, Item D.2**

Please submit a copy of the State survey dated August 21, 2007, or a copy of the most recent state survey.

**Response:**

A letter dated November 19, 2007 acknowledges that all corrections for deficiencies/findings in the October 17, 2007 survey were accepted.

**May 31, 2017**

**12:15 pm**



STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
WEST TENNESSEE HEALTH CARE FACILITIES  
781-B AIRWAYS BOULEVARD  
JACKSON, TENNESSEE 38301

November 19, 2007

Mr. Jason Little, Administrator  
Baptist Memorial Hospital  
6019 Walnut Grove Road  
Memphis, TN 38120

RE: Full Survey

Dear Mr. Little:

On October 17, 2007, a full survey was completed at your facility. Your plan of correction for this survey has been received and was found to be acceptable.

Thank you for the consideration shown during this survey.

Sincerely,

*Celia Skelley*  
Celia Skelley, MSN, RN  
Public Health Nurse Consultant II

CES/TJW

**May 31, 2017****12:15 pm****39. Section B. , Orderly Development, Item F. (1)**

Please provide a brief status update for CN1512-066A.

**Response:**

The project involves renovation of space for 5 exiting cardiac catheterization labs, new imaging equipment for cardiac and peripheral vascular imaging in 2 rooms, ceiling equipment mounts in all rooms, new lighting, 2 volcano machines for ultrasound imaging guidance and omnicell drug dispensing units.

As stated in the CON application, to allow operation of the cath labs to continue during the renovation, the project will be completed in five phases. Phase 1 of the project is 100% complete, Phase 2 is about 80% complete with additional equipment expected for installation at the end of June 2017. The entire project is about 45% complete.

**May 31, 2017**

**12:15 pm**

Mr. Philip Earhart:

While reviewing the document for supplemental materials, two pages were found that had not been updated for projected services in 2017. Two replacement pages numbered R21 and R45 are provided following this note.

Thank you

A handwritten signature in black ink, appearing to read "Arthur", is written below the "Thank you" text.

**May 31, 2017****12:15 pm**

The applicant should also provide data on the number of visits per treatment room per year for each of the existing emergency department facilities in the service area. Applicants should utilize applicable data in the Hospital Joint Annual Report to demonstrate the total annual ED volume and annual emergency room visits of the existing facilities within the proposed service area. All existing EDs in the service area should be operating at capacity. This determination should be based upon the annual visits per treatment room at the host hospital's emergency department (ED) as identified by the American College of Emergency Physicians (ACEP) in *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* as capacity for EDs. The capacity levels set forth by this document should be utilized as a *guideline* for describing the potential of a respective functional program. The annual visits per treatment room should exceed what is outlined in the ACEP document. Because the capacity levels set forth in the *Emergency Department Design: A Practical Guide to Planning for the Future, Second Edition* are labeled in the document as a "preliminary sizing chart", the applicant is encouraged to provide additional evidence of the capacity, efficiencies, and demographics of patients served within the existing ED facility in order to better demonstrate the need for expansion..

**Response:**

BMH Memphis ED Visits Changes per Fiscal Year											Projected
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BMHM Visits	54,300	55,973	56,966	54,284	56,862	58,333	60,274	62,451	62,492	66,467	70,812
% Change		3.08%	1.77%	-4.71%	4.75%	2.59%	3.33%	3.61%			
PED Visits									10,172	19,944	22,932
TOTAL Visits	54,300	55,973	56,966	54,284	56,862	58,333	60,274	62,451	72,664	86,411	93,744
									16.4%	18.9%	8.5%

Regional One Health ED Visits						
Year	2011	2012	2013	2014	2015	2016
Visits	45,189	48,895	55,963	53,189	52,327	54,310
% Change		8.20%	14.46%	-4.96%	-1.62%	3.79%

Each emergency department location within the zip code area or county is listed in the chart below with the emergency room visit utilization from the Hospital Joint Annual Report. It is unclear whether the visits include left without being seen "LWBS" and left against medical advice "LAMA".

An outstanding CON for Methodist University Hospital will increase the treatment rooms at that facility.

**May 31, 2017****12:15 pm****Response:**

The projection for year 1 is 6,207 visits and year 2 is 9,248 visits. The projections are based on conservative estimates of the proportion of patients as the proximate zip codes who will use the satellite ED.

BMH Memphis ED and PED Visits Fiscal Year				Projected
Year	2014	2015	2016	2017
BMHM Visits	62,451	62,492	66,467	70,812
PED Visits		10,172	19,944	22,932
TOTAL Visits	62,451	72,664	86,411	93,744

**May 31, 2017**

**12:15 pm**


**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY: CN1705-018 BAPTIST MEMORIAL HOSPITAL

I, GREGORY M DUCKETT, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

  
\_\_\_\_\_  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 26<sup>th</sup> day of May, 2017, witness my hand at office in the County of SHELBY, State of Tennessee.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires Sept. 16, 2018.



HF-0043

Revised 7/02

My Comm. Exp. 09-16-2018